

HOUSE COMMITTEE OF REFERENCE REPORT

Chairman of Committee

April 20, 2016
Date

Committee on Finance.

After consideration on the merits, the Committee recommends the following:

HB16-1404 be amended as follows, and as so amended, be referred to the Committee on Appropriations with favorable recommendation:

1 Amend printed bill, page 3, line 4, strike "OFFICE." and substitute
2 "DIVISION OF PROFESSIONS AND OCCUPATIONS WITHIN THE DEPARTMENT
3 OF REGULATORY AGENCIES OR HIS OR HER DESIGNEE."

4 Page 4, strike lines 4 through 17 and substitute:

5 "(7) "SMALL FANTASY CONTEST OPERATOR" MEANS A FANTASY
6 CONTEST OPERATOR THAT HAS NO MORE THAN SEVEN THOUSAND FIVE
7 HUNDRED FANTASY CONTEST PLAYERS IN COLORADO WITH ACTIVE
8 ACCOUNTS.

9 **12-15.5-103. Fantasy contests - director - rules.** (1) THE
10 DIRECTOR SHALL PROMULGATE REASONABLE RULES FOR".

11 Renumber succeeding subsection accordingly.

12 Page 4, line 18, strike "APPLICANTS" and substitute "APPLICANTS FOR
13 LICENSURE."

14 Page 4, strike lines 19 and 20.

15 Page 5, lines 1 and 2, strike "FINDINGS AND REPORT THEM TO THE
16 DIRECTOR." and substitute "FINDINGS."

1 Page 5, strike lines 3 through 10 and substitute:

2 **"12-15.5-104. Registration.** (1) ON AND AFTER JULY 1, 2017, AN
3 ENTITY SHALL NOT OPERATE AS A SMALL FANTASY CONTEST OPERATOR
4 UNLESS THE ENTITY IS REGISTERED WITH THE DIRECTOR. ON AND AFTER
5 JULY 1, 2017, AN INDIVIDUAL WHO IS NOT OPERATING THROUGH AN
6 ENTITY SHALL NOT OPERATE AS A SMALL FANTASY CONTEST OPERATOR
7 UNLESS THE ENTITY IS REGISTERED WITH THE DIRECTOR.

8 (2) A SMALL FANTASY CONTEST OPERATOR IS SUBJECT TO ALL OF
9 THE PROVISIONS OF THIS ARTICLE; EXCEPT THAT:

10 (a) A SMALL FANTASY CONTEST OPERATOR NEED ONLY BE
11 REGISTERED, NOT LICENSED, IN ORDER TO OFFER FANTASY CONTESTS FOR
12 A FEE, AND A SMALL FANTASY OPERATOR IS SUBJECT TO SECTION
13 12-15.5-105 (3); AND

14 (b) THE DIRECTOR SHALL:

15 (I) ESTABLISH A REGISTRATION PROCESS FOR SMALL FANTASY
16 CONTEST OPERATORS; AND

17 (II) NOT INITIATE AN INVESTIGATION OF A POTENTIAL VIOLATION
18 OF THIS ARTICLE BY A SMALL FANTASY CONTEST OPERATOR EXCEPT UPON
19 THE FILING OF A COMPLAINT WITH THE DIRECTOR THAT THE DIRECTOR
20 REASONABLY BELIEVES WARRANTS INVESTIGATION.

21 **12-15.5-105. Licensing.** (1) ON AND AFTER JULY 1, 2017, AN
22 ENTITY SHALL NOT OPERATE AS A FANTASY CONTEST OPERATOR UNLESS
23 THE ENTITY IS LICENSED BY THE DIRECTOR. ON AND AFTER JULY 1, 2017,
24 AN INDIVIDUAL WHO IS NOT OPERATING THROUGH AN ENTITY SHALL NOT
25 OPERATE AS A FANTASY CONTEST OPERATOR UNLESS THE INDIVIDUAL IS
26 LICENSED AS A FANTASY CONTEST OPERATOR BY THE DIRECTOR. AN
27 APPLICANT FOR LICENSURE MUST PAY LICENSE, RENEWAL, AND
28 REINSTATEMENT FEES ESTABLISHED BY THE DIRECTOR CONSISTENT WITH
29 SECTION 24-34-105, C.R.S., AND OTHER AUTHORITIES. A LICENSEE MUST
30 RENEW THE LICENSE IN ACCORDANCE WITH A SCHEDULE ESTABLISHED BY
31 THE DIRECTOR PURSUANT TO SECTION 24-34-102 (8), C.R.S. IF A LICENSEE
32 FAILS TO RENEW THE LICENSE PURSUANT TO THE SCHEDULE ESTABLISHED
33 BY THE DIRECTOR, THE LICENSE EXPIRES AND THE ENTITY SHALL NOT
34 PRACTICE UNDER THIS ARTICLE UNTIL THE REINSTATEMENT FEES ARE PAID
35 AND THE DIRECTOR REINSTATES THE LICENSE. A PERSON THAT CONTINUES
36 TO PRACTICE ONCE A LICENSE HAS EXPIRED IS SUBJECT TO THE PENALTIES
37 PROVIDED IN THIS ARTICLE AND SECTION 24-34-102 (8), C.R.S."

38 Renumber succeeding C.R.S. sections accordingly.

- 1 Page 5, line 14, strike "OFFICE" and substitute "DIRECTOR".
- 2 Page 5, line 15, strike "OFFICE" and substitute "DIRECTOR".
- 3 Page 5, line 16, strike "OFFICE;" and substitute "DIRECTOR;".
- 4 Page 5, line 17, strike "OFFICE" and substitute "DIRECTOR".
- 5 Page 5, line 18, strike "OFFICE" and substitute "DIRECTOR".
- 6 Page 5, line 21, strike the second "AND".
- 7 Page 5, line 26, strike "OFFICE." and substitute "DIRECTOR; AND
8 (III) A DESIGNATION OF THE RESPONSIBLE PARTY WHO IS THE
9 AGENT FOR THE LICENSEE FOR ALL COMMUNICATIONS WITH THE
10 DIRECTOR."
- 11 Page 5, strike line 27 and substitute:
- 12 "(3) (a) AN APPLICANT MAY NOT BE ELIGIBLE FOR LICENSURE OR
13 REGISTRATION AS A FANTASY".
- 14 Page 6, line 1, strike "ANY OF THE FOLLOWING" and substitute "THE
15 APPLICANT OR ANY OF ITS OFFICERS, DIRECTORS, OR GENERAL PARTNERS".
- 16 Page 6, line 3, strike "FELONY:" and substitute "FELONY."
- 17 Page 6, strike lines 4 through 8 and substitute:
- 18 "(b) THE DIRECTOR IS GOVERNED BY SECTION 24-5-101, C.R.S., IN
19 CONSIDERING THE CONVICTION OR PLEA OF NOLO CONTENDERE TO A
20 FELONY FOR ANY INDIVIDUAL SUBJECT TO A CRIMINAL HISTORY RECORD
21 CHECK PURSUANT TO SUBSECTION (4) OF THIS SECTION."
- 22 Page 6, line 10, strike "APPLICANT" and substitute "APPLICANT AND ITS
23 OFFICERS, DIRECTORS, AND GENERAL PARTNERS".
- 24 Page 6, lines 11 and 12, strike "THE OFFICE. THE OFFICE SHALL SUBMIT
25 THE FINGERPRINTS TO".

- 1 Page 6, line 17, strike "OFFICE" and substitute "DIRECTOR".
- 2 Page 6, lines 18 and 19, strike "AN APPLICANT OR A LICENSE HOLDER" and
3 substitute "A PERSON".
- 4 Page 6, line 21, strike "AN APPLICANT" and substitute "A PERSON".
- 5 Page 6, line 23, strike "OFFICE" and substitute "DIRECTOR".
- 6 Page 6, line 27, strike "OFFICE" and substitute "DIRECTOR".
- 7 Page 7, line 16, strike "OPERATOR" and substitute "OPERATOR, INCLUDING
8 A SMALL FANTASY CONTEST OPERATOR,".
- 9 Page 7, line 19, strike "OPERATOR," and substitute "OPERATOR, INCLUDING
10 A SMALL FANTASY CONTEST OPERATOR,".
- 11 Page 7, strike lines 26 and 27.
- 12 Reletter succeeding paragraphs accordingly.
- 13 Page 8, line 12, strike "OPERATOR;" and substitute "OPERATOR, INCLUDING
14 A SMALL FANTASY CONTEST OPERATOR;".
- 15 Page 8, line 14, strike "CONTEST AND" and substitute "CONTEST,".
- 16 Page 8, line 16, strike "NUMBER;" and substitute "NUMBER, AND, IN ANY
17 CONTEST INVOLVING AT LEAST ONE HUNDRED ONE ENTRIES, NOT ALLOW
18 A PLAYER TO SUBMIT MORE THAN THE LESSER OF THREE PERCENT OF ALL
19 ENTRIES OR ONE HUNDRED FIFTY ENTRIES;".
- 20 Page 8, line 22, strike "ACCOUNTS." and substitute "ACCOUNTS;
21 (h) DISTINGUISH HIGHLY EXPERIENCED PLAYERS AND BEGINNER
22 PLAYERS AND ENSURE THAT HIGHLY EXPERIENCED PLAYERS ARE
23 CONSPICUOUSLY IDENTIFIED AS SUCH TO ALL PLAYERS;
24 (i) PROHIBIT THE USE OF SCRIPTS IN FANTASY CONTESTS THAT GIVE
25 A PLAYER AN UNFAIR ADVANTAGE OVER OTHER PLAYERS AND MAKE ALL
26 AUTHORIZED SCRIPTS READILY AVAILABLE TO ALL FANTASY CONTEST
27 PLAYERS;
28 (j) CLEARLY AND CONSPICUOUSLY DISCLOSE ALL RULES THAT

1 GOVERN ITS CONTESTS, INCLUDING THE MATERIAL TERMS OF EACH
2 PROMOTIONAL OFFER AT THE TIME THE OFFER IS ADVERTISED; AND
3 (k) USE TECHNOLOGICALLY REASONABLE MEASURES TO LIMIT
4 EACH FANTASY CONTEST PLAYER TO ONE ACTIVE ACCOUNT WITH THAT
5 OPERATOR."

6 Page 9, line 2, strike "OFFICE." and substitute "DIRECTOR."

7 Page 9, line 8, strike "OFFICE" and substitute "DIRECTOR".

8 Page 10, line 8, strike "LICENSURE." and substitute "LICENSURE OR
9 OTHERWISE IN OPERATING OR OFFERING TO OPERATE A FANTASY CONTEST.

10 (2) IF IT APPEARS TO THE DIRECTOR, BASED UPON CREDIBLE
11 EVIDENCE AS PRESENTED IN A WRITTEN COMPLAINT, THAT A PERSON IS
12 OPERATING OR OFFERING TO OPERATE A FANTASY CONTEST WITHOUT
13 HAVING OBTAINED A LICENSE, THE DIRECTOR MAY ISSUE AN ORDER TO
14 CEASE AND DESIST THE ACTIVITY. THE DIRECTOR SHALL SET FORTH IN THE
15 ORDER THE STATUTES AND RULES ALLEGED TO HAVE BEEN VIOLATED, THE
16 FACTS ALLEGED TO HAVE CONSTITUTED THE VIOLATION, AND THE
17 REQUIREMENT THAT ALL UNLICENSED PRACTICES IMMEDIATELY CEASE.
18 WITHIN TEN DAYS AFTER SERVICE OF THE ORDER TO CEASE AND DESIST
19 PURSUANT TO THIS SUBSECTION (2), THE PERSON MAY REQUEST A HEARING
20 ON THE QUESTION OF WHETHER ACTS OR PRACTICES IN VIOLATION OF THIS
21 ARTICLE HAVE OCCURRED. THE HEARING SHALL BE CONDUCTED PURSUANT
22 TO SECTION 24-4-105, C.R.S."

23 Page 10, line 9, strike "**penalties. A**" and substitute "**fin**es. IN ADDITION
24 TO ANY OTHER REMEDY PROVIDED BY LAW, A".

25 Page 10, line 11, strike "PENALTY" and substitute "FINE".

26 Page 10, line 13, strike "OFFICE" and substitute "DIRECTOR".

27 Page 10, line 14, strike "PENALTY." and substitute "FINE.

28 **12-15.5-111. Applicability.** THIS ARTICLE APPLIES TO CONDUCT
29 OCCURRING ON OR AFTER JULY 1, 2017."

30 Page 10, strike lines 15 through 19 and substitute:

31 **"SECTION 2. Act subject to petition - effective date -**

1 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
2 the expiration of the ninety-day period after final adjournment of the
3 general assembly (August 10, 2016, if adjournment sine die is on May 11,
4 2016); except that, if a referendum petition is filed pursuant to section 1
5 (3) of article V of the state constitution against this act or an item, section,
6 or part of this act within such period, then the act, item, section, or part
7 will not take effect unless approved by the people at the general election
8 to be held in November 2016 and, in such case, will take effect on the
9 date of the official declaration of the vote thereon by the governor.
10 (2) This act applies to conduct occurring on or after July 1, 2017."

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