

# HOUSE RESEARCH

## Bill Summary

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**Subject:** Legality of Daily Fantasy Sports

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### Overview

Currently, Minnesota law does not specifically address whether fantasy sports are lawful, although some of the state's illegal gambling laws – such as those defining and prohibiting “betting” and “sports bookmaking” – might impose criminal liability on persons participating in fantasy sports contests. H.F. 2540 would explicitly authorize fantasy sports in Minnesota.

#### Section

**1 Consumer protection; fantasy sports.** This section requires game operators charging an entry fee to implement commercially reasonable procedures to:

- prevent employees of game operators and their relatives from playing fantasy sports, if a prize over \$5 is offered;
- prevent the sharing of inside information;
- prevent game operators from participating in a fantasy game offered by that operator;
- verify that fantasy game players are at least 18 years old;
- ensure that athletes and officials cannot participate in a fantasy game based on an actual game in which they participate;
- allow a person to restrict themselves from entering a fantasy game, if requested; and
- disclose the limit on the number of games a fantasy game player can enter and prevent them from exceeding that limit; and segregate player funds from operational funds and maintain a reserve for player funds.

**2 Recovery of money lost.** Clarifies that money lost playing fantasy sports is not recoverable.

## Section

- 3      **Commitments for gambling debt void.** Clarifies that void gambling debts do not include those relating to fantasy sports.
- 4      **Fantasy games.** Creates a new subdivision in the section of law authorizing certain forms of gambling and authorizes and establishes definitions for fantasy sports.

Subdivision 7, paragraph (a), clause (1), defines “entry fee” as cash or a cash equivalent required from a fantasy player by a game operator to play a fantasy game.

Subdivision 7, paragraph (a), clause (2), defines “fantasy game” as a simulation sports or educational game in which:

- the value of prizes are known to participants in advance;
- outcomes of the game are determined by the statistical results of the performance of individuals such as athletes;
- outcomes of the game are not determined by the score, point spread, or performance of a team, or on the single performance of an athlete; and
- the results of a fantasy game are not determined by the athletic performances of Minnesota high school or college level athletes.

Subdivision 7, paragraph (a), clause (3), defines a “game operator” as a person that offers a fantasy game for a cash prize.

Subdivision 7, paragraph (b), states that a fantasy game is a bona fide contest for the determination of skill under the section of law prescribing what are not bets. This paragraph also states that a fantasy is not a lottery, bet, or sports-baking under other applicable state statutes.

Subdivision 7, paragraph (c), clarifies that the state’s prohibition on certain forms of gambling does not prevent a game operator from offering a fantasy game.