



## 2022 South Dakota Legislature

# House Bill 1148

Introduced by: **Representative Willadsen**

1 **An Act to authorize sports wagering within a licensed affiliate business.**

2 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

3 **Section 1. That § 42-7B-4 be AMENDED:**

4 **42-7B-4.** Terms used in this chapter mean:

- 5 (1) "Adjusted gross proceeds," except in the case of the games of poker, gross proceeds  
6 less cash prizes. In games of poker, the term means any sum wagered in a poker  
7 hand that may be retained by the licensee as compensation which must be  
8 consistent with the minimum and maximum amount established by the  
9 commission;
- 10 (2) "Advance deposit sports wagering," a method of wagering on sporting events in  
11 which an eligible individual may, in an account established with a licensed operator,  
12 ~~or~~ route operator, or a licensed affiliate business, deposit money into an account  
13 and use the balance to pay for bets placed on the premises of a licensed gaming  
14 establishment as approved by the commission in the city of Deadwood or within  
15 the interior of a licensed affiliate business;
- 16 (3) "Associated equipment," any equipment or any mechanical, electromechanical, or  
17 electronic device, component, or machine, or any combination thereof, that is used  
18 remotely or directly in connection with gaming or any gaming device;
- 19 (4) "Associated equipment manufacturer or distributor," any person who designs,  
20 assembles, fabricates, produces, constructs, sells, leases, distributes, or otherwise  
21 prepares a product or component of any associated equipment;
- 22 (5) "Bet," an amount placed as a wager in a game of chance or on the results of a  
23 sporting event or a contingency during a sporting event or the performance or  
24 nonperformance of an athlete or competitor during a sporting event;
- 25 (6) "Blackjack," a card game played by a maximum of seven players in which each  
26 player bets against the dealer. The object is to draw cards whose value will equal

- 1 or approach twenty-one without exceeding that amount and win bets, payable by  
2 the dealer, if the player holds cards more valuable than the dealer's cards;
- 3 (7) "Cheating," any attempt to alter the elements of chance, method of selection, or  
4 criteria that determines the:
- 5 (a) Result of a game;
- 6 (b) Amount or frequency of payment in a game;
- 7 (c) Value of a wagering instrument;
- 8 (d) Value of a wagering credit;
- 9 (e) Result of a sporting event or an event within a sporting event; or
- 10 (f) Performance or nonperformance of an athlete or competitor during a sporting  
11 event;
- 12 (8) "Cheating device," any computerized, electronic, electrical, or mechanical device,  
13 or any software or hardware, or any combination thereof, that is designed,  
14 constructed, altered, or programmed to obtain an advantage at playing any game  
15 or placing any bet that is offered by a licensee, including a device that:
- 16 (a) Projects the outcome of the game or bet;
- 17 (b) Keeps track of cards played or cards prepared for play in the game;
- 18 (c) Tracks play and analyzes the probability of the occurrence of an event relating  
19 to the game or bet; or
- 20 (d) Tracks play and analyzes the strategy for playing or betting to be used in the  
21 game except as may be made available as part of an approved game or  
22 otherwise permitted by the commission;
- 23 (9) "City limits," the boundaries of the city of Deadwood as they existed on January 1,  
24 1989;
- 25 (10) "Collegiate sporting event," an athletic competition or event between two or more  
26 colleges or universities;
- 27 (11) "Commission," the South Dakota Commission on Gaming;
- 28 (12) "Craps," a game in which the players place bets on the outcome of the roll or series  
29 of rolls of a pair of dice;
- 30 (13) "Fraudulent scheme," a dishonest or deceptive plan or arrangement used or  
31 intended to be used to play a game or slot machine or place a bet, that gives any  
32 person an advantage when playing a game or slot machine, or placing a bet;
- 33 (14) "Fraudulent technique," a dishonest or deceptive procedure or method of playing a  
34 game or slot machine, or placing a bet that gives any person an advantage when  
35 playing a game or slot machine, or placing a bet;

- 1 (15) "Gaming," limited card games, slot machines, craps, roulette, keno, and wagering  
2 on sporting events, as allowed and regulated by this chapter;
- 3 (16) "Gaming device," a poker table, a blackjack table, a slot machine, a craps table, a  
4 roulette table, or a keno number selection device;
- 5 (17) "Gaming employee," any person twenty-one years of age or older employed by an  
6 operator, retailer hosting gaming, or sports wagering services provider, who works  
7 directly with the gaming portion of that business and who must hold a support  
8 license;
- 9 (18) "Gaming equipment," any equipment used in gaming that is allowed by this chapter  
10 and which requires licensing;
- 11 (19) "Gaming license," any license issued by the commission pursuant to this chapter  
12 which authorizes any person to engage in gaming within the city of Deadwood or  
13 within the interior of a licensed affiliate business;
- 14 (20) "Gaming property owner," any person other than a licensed retailer who owns real  
15 property where licensed gaming is conducted within the city of Deadwood. The  
16 term, gaming property owner, does not include any person who owned real  
17 property where licensed gaming was conducted within the city of Deadwood prior  
18 to January 1, 2010;
- 19 (21) "Historic restoration and preservation," the restoration and preservation of the city  
20 of Deadwood to maintain its historical background, cultural heritage, and necessary  
21 supporting infrastructures;
- 22 (22) "International sporting event," an international team or individual sporting event  
23 governed by an international sports federation or sport's governing body, including  
24 sporting events governed by the International Olympic Committee and the  
25 International Federation of Association Football;
- 26 (23) "Keno," a game in which players place bets by marking their selections on a blank  
27 ticket form with eighty numbered selection boxes and the outcome is determined  
28 by a number selection device;
- 29 (24) "Key employee," any executive, employee, or agent of a gaming licensee having  
30 the power to exercise a significant influence over a decision concerning any part of  
31 the operation of a gaming licensee;
- 32 (25) "Licensed gaming establishment," any premises licensed pursuant to this chapter  
33 where gaming is conducted;
- 34 (26) "Licensee," any person licensed under this chapter;

- 1 (27) "Licensed affiliate business," any premises licensed pursuant to subdivisions 35-4-  
2 2(4), (6), or (13), or § 35-4-111 that forms a partnership with a licensed gaming  
3 establishment for the purpose of offering customers within the interior of the  
4 premises the opportunity to wager on sporting events through the sports wagering  
5 system of a licensed gaming establishment;
- 6 (28) "Licensing authority," the South Dakota Commission on Gaming;
- 7 ~~(28)~~(29) "Limited card games," any card games, including poker, blackjack, and  
8 variations of poker and blackjack, that are authorized by this chapter and regulated  
9 by the commission;
- 10 ~~(29)~~(30) "Minor league sporting event," a sporting event conducted by a sports league  
11 that has not been classified by the commission as a premier league in the sport;
- 12 ~~(30)~~(31) "Net municipal proceeds," the amount remitted to the city of Deadwood by  
13 the South Dakota Commission on Gaming;
- 14 ~~(31)~~(32) "Operator," any person who places poker tables, blackjack tables, slot  
15 machines, craps tables, roulette tables, keno number selection devices, or accepts  
16 or redeems bets, in the person's own business premises;
- 17 ~~(32)~~(33) "Poker," a card game played by players who are dealt cards by a nonplayer  
18 dealer. The object of the game is for each player to bet the superiority of the  
19 player's own hand and win the other players' bets by either making a bet no other  
20 player is willing to match or proving to hold the most valuable cards after all the  
21 betting is over. Poker includes draw, stud, low ball, or any combination thereof;
- 22 ~~(33)~~(34) "Professional sporting event," a sporting event, other than a minor league  
23 sporting event, in which two or more persons participate and receive remuneration  
24 in excess of their out-of-pocket expenses for participating in the event;
- 25 ~~(34)~~(35) "Retailer," any licensee who maintains gaming at the licensee's place of  
26 business within the city of Deadwood for use and operation by the public;
- 27 ~~(35)~~(36) "Retail space," the area where the retailer's business is principally conducted;
- 28 ~~(36)~~(37) "Roulette," a game in which players place bets on a single number or a range  
29 of numbers or the colors red or black or whether the number is odd or even or a  
30 combination thereof and the winning numbers and color are determined by a ball  
31 which is spun on a wheel;
- 32 ~~(37)~~(38) "Route operator," any person who, individually or jointly pursuant to an  
33 agreement whereby consideration is paid to accept or redeem bets or for the right  
34 to place poker tables, blackjack tables, slot machines, craps tables, roulette tables,  
35 or a keno number selection device, engages in the business of accepting or

1 redeeming bets or placing and operating poker tables, blackjack tables, slot  
2 machines, craps tables, roulette tables, or a keno number selection device within  
3 the city of Deadwood;

4 ~~(38)~~(39) "Slot machines," any mechanical, electrical, or other device, contrivance, or  
5 machine which, upon insertion of a coin, token or similar object, or upon payment  
6 of any consideration whatsoever, is available to play or operate, the play or  
7 operation of which, whether by reason of the skill of the operator or application of  
8 the element of chance, or both, may deliver or entitle the person playing or  
9 operating the machine to receive cash premiums, merchandise, tokens,  
10 redeemable game credits or anything of value other than unredeemable free games  
11 whether the payoff is made automatically from the machines or in any other  
12 manner;

13 ~~(39)~~(40) "Slot machine manufacturer or distributor," any person who designs,  
14 assembles, fabricates, produces, constructs, sells, leases, distributes, or otherwise  
15 prepares a product or a component part of a slot machine, other than tables or  
16 cabinetry;

17 ~~(40)~~(41) "Sporting event," a contest or competition between individuals or teams the  
18 results of which are determined at least in part by the skill or ability of an individual  
19 athlete or competitor or a team which is competing in the event;

20 ~~(41)~~(42) "Sporting event official," any official as recognized by the respective sport's  
21 governing body;

22 ~~(42)~~(43) "Sports wagering area," the designated location in a gaming establishment or  
23 within the interior of a licensed affiliate business approved by the commission, in  
24 which sports wagering may be conducted;

25 ~~(43)~~(44) "Sports wagering services provider," a person who maintains or operates the  
26 software or hardware of a sports wagering system or facilitates wagering on a  
27 sporting event by providing a service, including data aggregation, risk  
28 management, computer service, furnishing information, and setting of odds;

29 ~~(44)~~(45) "Suitability" or "suitable," in relation to a person is the ability to be licensed  
30 by the commission and as to acts or practices, are lawful acts or practices;

31 ~~(45)~~(46) "Unsuitability" or "unsuitable," in relation to a person is the inability to be  
32 licensed by the commission because of prior acts, associations, or financial  
33 condition, and as to acts or practices, are those that would violate the statutes or  
34 rules or would be contrary to the declared legislative purpose of this chapter;

1       ~~(46)~~(47) "Wagering on sporting events" or "sports wagering," the acceptance of a  
 2           wager on an authorized sporting event by any system of wagering authorized by  
 3           the commission.

4       **Section 2. That § 42-7B-22 be AMENDED:**

5           **42-7B-22.** The commission may issue the following types of licenses that are  
 6       required to conduct gaming under this chapter:

- 7       (1) Slot machine manufacturer or distributor license. The license fee is one thousand  
 8           dollars and thereafter ~~an annual fee renewable July first of each year in the sum~~  
 9           for a fee of two hundred fifty dollars. A slot machine manufacturer or distributor  
 10          may not be licensed as a route operator, operator, or retailer;
- 11       (2) Operator license. The license fee is one thousand dollars and thereafter ~~an annual~~  
 12          fee renewable July first of each year for a fee of two hundred dollars;
- 13       (3) Retail license. The license fee is two hundred fifty dollars and thereafter ~~an annual~~  
 14          fee renewable July first of each year for a fee of one hundred dollars;
- 15       (4) Support license. The license fee is fifty dollars and thereafter ~~an annual fee~~  
 16          renewable January first of each year for a fee of twenty-five dollars. This license is  
 17          required by all persons seeking employment in the field of gaming;
- 18       (5) Key employee license. The license fee is one hundred fifty dollars and thereafter ~~an~~  
 19          annual fee renewable January first of each year for a fee of seventy-five dollars;
- 20       (6) Route operator license. The license fee is one thousand dollars and thereafter ~~an~~  
 21          annual fee renewable July first of each year for a fee of two hundred dollars. Each  
 22          route operator shall also hold a valid operator license;
- 23       (7) Gaming property owner license. The license fee is two hundred fifty dollars and  
 24          thereafter ~~an annual fee renewable July first of each year~~ for a fee of one hundred  
 25          dollars;
- 26       (8) Associated equipment manufacturer or distributor license. The license fee is five  
 27          hundred dollars and thereafter ~~an annual fee renewable July first of each year~~ for  
 28          a fee of two hundred fifty dollars; ~~and~~
- 29       (9) Sports wagering services provider license. The license fee is two thousand dollars  
 30          and thereafter ~~an annual fee renewable July first of each year~~ for a fee of two  
 31          thousand dollars; and
- 32       (10) Licensed affiliate business license. The license fee is two thousand dollars and is  
 33          thereafter renewable July first of each year for a fee of two hundred dollars.
- 34          Conducting gaming without the appropriate license is a Class 6 felony.

1 **Section 3. That § 42-7B-32 be AMENDED:**

2 **42-7B-32.** Any license granted pursuant to this chapter may be suspended or  
3 revoked for any cause that may have prevented its issuance, or for violation by the  
4 licensee, or any officer, director, agent, member, or employee of the licensee, of this  
5 chapter or any rule adopted by the commission or for conviction of a crime of moral  
6 turpitude or a felony, after notice to the licensee and a hearing, upon grounds determined  
7 adequate by the commission. In addition to revocation or suspension or in lieu of  
8 revocation or suspension, the commission may impose a reprimand or a monetary penalty  
9 for each offense not to exceed the following amounts:

- 10 (1) If the licensee is a slot machine manufacturer or distributor, two hundred fifty  
11 thousand dollars;
- 12 (2) If the licensee is an operator, associated equipment manufacturer or distributor, or  
13 a sports wagering services provider, one hundred thousand dollars;
- 14 (3) If the licensee is a retailer, licensed affiliate business, or gaming property owner,  
15 twenty-five thousand dollars;
- 16 (4) If the licensee is a key employee, five thousand dollars; and
- 17 (5) If the licensee has a support license, two thousand five hundred dollars.

18 Any monetary penalty received by the commission under this section ~~shall~~ must be  
19 deposited in the gaming commission fund established by § 42-7B-48 and is to be used  
20 solely for the purposes prescribed by subdivision 42-7B-48(2) and is not subject to the  
21 provisions of subdivision 42-7B-48(3).

22 **Section 4. That § 42-7B-33 be AMENDED:**

23 **42-7B-33.** Any person, any stockholder owning five percent or more of any  
24 corporation or limited liability company, and any officer or director, or any partner in any  
25 partnership involved as a manufacturer, distributor, operator, retailer, gaming property  
26 owner, ~~or~~ sports wagering services provider, licensed affiliate business, or key employee  
27 or support licensee involved with the conduct of gaming shall be:

- 28 (1) A person of good character, honesty, and integrity;
- 29 (2) A person whose prior activities, criminal record, reputation, habits, and associations  
30 do not pose a threat to the public interests of this state or to the control of the  
31 gaming, or create or enhance the dangers of unsuitable, unfair, or illegal practices,  
32 methods, and activities in the conduct of gaming or the carrying on of the business  
33 and financial arrangements incidental to the conduct of gaming; and

1 (3) A person who has not entered a plea of guilty or nolo contendere to a felony charge  
2 or has not been convicted of a felony in this or any other jurisdiction, has not been  
3 found to have violated the provisions of this chapter or any rule adopted pursuant  
4 to this chapter, and has not knowingly made a false statement of material facts to  
5 the commission or its legal counsel.

6 **Section 5. That § 42-7B-78 be AMENDED:**

7 **42-7B-78.** A person who opens an account for advance deposit sports wagering  
8 with an operator or route operator shall establish the account in person at the operator's  
9 or route operator's licensed gaming establishment within the city of Deadwood or at the  
10 licensed affiliate business using an application approved by the commission.

11 The operator ~~or~~, route operator, or licensed affiliate business shall retain the  
12 application that is used to open an account for advance deposit sports wagering, including  
13 any documents that are submitted with or reviewed with the application. The application  
14 and documents shall be considered records of the operator ~~or~~, route operator, or licensed  
15 affiliate business for purposes of this chapter.

16 **Section 6. That § 42-7B-79 be AMENDED:**

17 **42-7B-79.** Any sports wagering may only be conducted on the premises of a  
18 licensed gaming establishment, as approved by the commission, within the city of  
19 Deadwood or within the interior of a licensed affiliate business. Each operator or route  
20 operator that is authorized by the commission to conduct sports wagering shall install and  
21 maintain equipment that is approved by the commission to ensure that all bets are placed  
22 on the premises of a licensed gaming establishment, as approved by the commission,  
23 within the city of Deadwood or within the interior of a licensed affiliate business.

24 **Section 7. That § 22-25-1 be AMENDED:**

25 **22-25-1.** Any person who places or accepts a wager on a sporting event or  
26 engages in gambling in any form with cards, dice, or other implements or devices of any  
27 kind wherein anything valuable is wagered upon the outcome, or who keeps any  
28 establishment, place, equipment, or apparatus for such gambling or any agents or  
29 employees for such purpose, or any person who knowingly lets any establishment,  
30 structure, place, equipment, or apparatus for such gambling is guilty of a Class 2  
31 misdemeanor.



1           This section does not apply to any sports wagering conducted in the sports  
2 wagering area of a licensed affiliate business, or gaming within a licensed gaming  
3 establishment in the city of Deadwood which is conducted by an operator or route operator  
4 that is licensed pursuant to chapter 42-7B.