

[«español»](#)

## ***“Government of Puerto Rico Gaming Commission Act”***

Act No. 81 of June 29, 2019, as amended

(Contains amendments incorporated by:  
[Act No. 168 of December 30, 2020](#))

To establish the “Government of Puerto Rico Gaming Commission Act” for the purpose of establishing the public policy of the Government of Puerto Rico on Sport Events, eSports, and Fantasy Contests; authorize bets on these events in Puerto Rico, both online and at physical locations; provide for betting locations; provide safeguards to prevent gambling addiction, money laundering, and underage betting; create the Government of Puerto Rico Gaming Commission, which shall handle all matters related to sports betting, games of chance, and the horse racing industry; transfer the duties of the Tourism Office of the Department of Economic Development and Commerce relating to games of chance as well as the powers and duties of the Horse Racing Industry and Sport Administration to the new Gaming Commission; provide for the transfer of employees; amend Sections 2, 2-A, 2-B, 3, 4, 5, 7, 7-A, 7-B, 8, 9, 9-A, 9-B, 11, 12, 13, and 14 of [Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act”](#); amend Sections 3, 4, 5-A, 6, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 24, 25, 26, 30, 32, and 33 of [Ac No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act”](#); amend Sections 2 and 3, repeal Sections 4, 5, 7, 8, 9, 10, and 11, amend renumbered Section 4, amend renumbered Section 5, renumber Sections 13, 14, 15, and 16 as Sections 6, 7, 8, and 9 respectively, renumber and amend Sections 17, 18, 19, 20, 21, and 22 as Sections 10, 11, 12, 13, 14, and 15, respectively, repeal Section 23, renumber Section 24 as Section 16, and renumber and amend Sections 25, 26, 27, 28, 29, 30, and 31 as Sections 17, 18, 19, 20, 21, 22, and 23, respectively, of [Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act”](#); and for other related purposes.

### STATEMENT OF MOTIVES

#### Sports Betting

On October 1992, the United States Congress passed the Professional and Amateur Sports Protection Act (PASPA) to prohibit sports betting throughout the United States. The states of Delaware, Montana, Nevada, and Oregon were exempt by virtue of a grandfather clause that allowed them to continue accepting bets.

Furthermore, online sports betting was introduced during the 1990s. Fans of different sports have deemed online betting to be much more convenient. This modality has become more popular throughout the industry and there are currently hundreds of online betting options.

The foregoing notwithstanding, PASPA’s approval had the effect of increasing rather than decreasing unlawful sports betting. It is estimated that the unlawful betting market was worth over \$150 billion in 2016, generating approximately \$7.5 to \$9 billion in revenue.<sup>1</sup> Likewise, there was no evidence that the ban on unlawful betting had a positive effect on gambling addiction.

In *Murphy v. National Collegiate Athletic Assn.*, 584 U.S. \_\_\_; 138 S.Ct. 1461 (2018), twenty-five (25) years after the approval of PASPA, the Supreme Court of the United States held unconstitutional the legislation that prevented the states from regulating and authorizing sports betting. This holding prompted many states to approve legislation authorizing this type of bets in order to increase revenues and promote economic development. Puerto Rico shall not be the exception.

After the holding in *Murphy*, the four (4) major sports leagues in the United States (the Major League Baseball, National Basketball Association, National Football League, and National Hockey League) are projected to generate \$4.2 billion from lawful sports betting according to a study published by the American Gaming Association.

Likewise, the betting market is projected to reach \$3.1 billion by 2023 nationally, and online sports betting is projected to reach \$8.1 billion.<sup>2</sup> For the first time in history, in January 2019, the lawful bets handled outside the state of Nevada exceeded those handled in the gambling capital of the world (Las Vegas). Nevada handled \$497.5 million in lawful bets, whereas New Jersey, Mississippi, Pennsylvania, Rhode Island, West Virginia, and Delaware handled \$501.3 million. In sum, nearly \$1 billion in lawful bets were handled in January 2019 as a result of the holding in *Murphy*, *supra*.

This Act authorizes and promotes Sports and eSports betting as well as all that pertains to Fantasy Contests. However, this legislation establishes rigorous standards including stringent regulations and protections for players and consumers, as well as a tax structure that shall benefit important sectors of our society, and the necessary tools to eliminate money laundering and unlawful gambling. We can take advantage of this new economic activity while safeguarding the integrity of our citizens by providing safe, legal, highly regulated, and transparent betting locations. Moreover, it provides that, when granting licenses, the Government of Puerto Rico Gaming Commission may authorize the holders of different licenses to enter into agreements among themselves so that Principal Operators can offer services to other license holders for establishments operating as a branch of the Principal operators.

### Market Studies

Regarding this new activity, two (2) studies were conducted on the impact that this industry would have on Puerto Rico. The Puerto Rico Chamber of Commerce commissioned The Innovation Group to conduct the first study. In said study the Government of Puerto Rico’s revenues were estimated in \$29 million by 2020, \$51 million by 2021, \$68 million by 2022, \$77 million by 2023, and \$87 million by 2024. These projections are contingent on the authorization of sports betting in casinos, racetracks, cockpits, off-track betting locations, and over the internet.

In addition, said study assessed whether such revenues could cannibalize existing casino revenues which are considered revenues of the Government of Puerto Rico in the Fiscal Plan. The

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<sup>1</sup> Según un estudio publicado por el American Gaming Association

<sup>2</sup> <https://gamblingcompliance.com/us-sports-betting>

experience in other U.S. jurisdictions is that rather than cannibalizing casino revenues it complements casino activity. The study concluded with a projection of a potential increase in casino revenues and visits. The firm estimated that there could be a \$5 million-increase in casino revenues by 2024. Likewise, such study rejects the possibility that revenues from horse races in Puerto Rico could be cannibalized. On the contrary, it is believed that allowing sports betting in racetracks would attract new bettors to the horse racing sport and industry.

Aware of the impact that this industry shall have on Puerto Rico, our Government also commissioned to Spectrum Gaming Group a market study on sports betting. The firm estimated that in-person and online sports betting could generate between \$44 and \$62 million annually. Clearly, both expert firms provided similar numbers.

According to Spectrum, sports betting has proven beneficial to casinos because it attracts a different demographic that usually does not attend casinos. The hotels where these casinos are located experienced an increase in food and beverage consumption, and hotel occupancy between ten percent (10%) and fifteen percent (15%).

In general, even though the impact of sports betting has varied from state to state, most casino Operators have benefitted from this product because it expands the casino’s offerings. For such reason, both studies concluded that authorizing sports betting would complement casinos rather than cannibalize their revenues.

As stated above, two well-known independent firms that are experts on the subject of gambling have favored the authorization of sports betting in Puerto Rico. The potential of sports betting shall be truly beneficial for a Puerto Rico that is open to do business.

### eSports

As part of this aggressive public policy to authorize sports betting, we also recognize the existence and proliferation of the worldwide phenomenon known as eSports. The foregoing includes playing videogames competitively and professionally, in an organized manner, whether in leagues or tournaments. Some examples of popular games that have been played at these types of events include franchises such as Madden Football, Rainbow Six, and Gears of War.

These games target a younger demographic not over the age of thirty-five (35) years and have grown immensely popular worldwide. It is estimated that the global eSports audience surpassed 380 million at the end of 2018 <sup>3</sup>, which eclipses both Major League Baseball and National Hockey League viewership. These games are estimated to generate \$3 billion in revenues by 2023. <sup>4</sup> This estimate represents the total revenues including marketing, advertising, and other positive effects that betting has in several areas.

There are three (3) types of eSports betting: bets placed during eSports events or tournaments; Skill-Based Gaming; and Peer-to-Peer Wagering.

The first type of betting includes in-person or online bets placed during eSports events or tournaments. Skill-Based Gaming, however, combines chance with player skills: a player plays against a machine for money. Lastly, peer-to-peer wagering is modeled on traditional aspects where two players play against each other and place bets through an intermediary who pays the winner and charges a commission.

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<sup>3</sup> Source: Nezo, 2018 Global Market Esports Report

<sup>4</sup> Source: Superdata, Goldman Sachs Global Investment Research, 2018

Very little regulations exist for eSports, with Nevada and New Jersey being some of the few jurisdictions that have adopted regulations directed specifically at this phenomenon. We recognize that eSports has entered the mainstream worldwide appealing to a demographic different from that of traditional casinos. This is one of the fastest growing sectors in the sports betting industry; therefore, Puerto Rico should not lag behind. For such reason, this measure authorizes this type of betting in Puerto Rico.

### Public Policy

Consistent with the public policy of this administration—which has announced to the world that our Island is open for business—and aware of the need to provide the Treasury with new resources in order to honor its most pressing commitments, such as the payment of pensions, it is hereby declared as the public policy of the Government of Puerto Rico to authorize sports and eSports betting. These segments represent a new type of betting that was not previously allowed in Puerto Rico or the other states. Therefore, these represent a new source of economic activity through the creation of industries, jobs, and new Government revenues. With this Act, Puerto Rico is once again at the forefront of innovation while responsibly facing the challenges posed by innovative industries. Furthermore, we provide a sense of reliability for this new industry that is being sanctioned through this Act by creating a clear legal framework that would allow for the development thereof.

Thus, with this Act we join a handful of U.S. jurisdictions that have already passed legislation authorizing this activity based on the holding in *Murphy*. As of February 28, 2019, eight (8) states have already authorized sports betting; three (3) states and the District of Columbia have passed legislation that are yet to become effective; twenty-three (23) states have introduced legislation in their state legislatures; seven (7) states have expressed interest in introducing legislation; and only (9) states have remained idle with regards to this subject.

At present, there are no legal obstacles for Puerto Rico to establish the legal framework to make sports betting feasible as provided in this Act. Sports Event and eSports betting is a growing billion-dollar industry. This is an opportunity for the Island to generate new economic activity in the important tourism sector as well as revenues that shall allow us to address the needs of the most vulnerable. The foregoing shall be achieved by allocating a portion of said revenues to fulfill the government’s commitments to pensioners, police officers, municipalities, the education and the sports sectors, as well as to fight gambling.

Along with these new games, the responsibilities and obligation of the Gaming Commission are created herein to ensure that minors have no access thereto. Similarly, and consistent with other types of betting that now would be under the jurisdiction of the Gaming Commission, this Act requires the adoption of a program and collaboration with other government entities, such as the Mental Health and Anti-Addiction Services Administration (ASSMCA, Spanish acronym) through its Compulsive Gamblers Assistance Program, or any other resource, in order to prevent gambling addiction, including an evaluation of digital tools that may be adopted to require an assessment of a gambler’s credit history, tax evasion, and money laundering.

The Commission shall establish the requirements needed to ensure that the technology provided in sports betting platforms are robust and guarantee the transparency of the operations thereof for the purpose of facilitating the Government’s duty to oversee sports betting operations.

The Executive Director shall be responsible for directly supervising said system so as to maximize government revenues and minimize money laundering and tax evasion.

### Online Betting

In the Information Age, citizens are using the internet more and more in their daily lives. The world of gambling has also been affected by this trend. Players today want to place their bets from the comfort of their homes or from any place they wish.

This legislation authorizes online sports betting. However, a surtax shall be imposed on online bets as opposed to bets placed in-person at an authorized location. Likewise, online betting operators shall be required to meet high standards to prevent underage betting.

On November 2, 2018, the U.S. Department of Justice reversed its 2011 Opinion on the application of the Wire Act, 35 Op. O.L.C. (2011) and reinterpreted it. In its 2018 Opinion, the Department of Justice stated that the prohibitions of the [Wire Act, 18 U.S.C. § 1084\(a\)](#), were not just limited to Sports Betting, when performed between states over the internet, but rather that they can be applied to all forms of gambling. Furthermore, the U.S. Department of Justice clarified in its Opinion that the enactment of the [Unlawful Internet Gambling Enforcement Act of 2006, 31 U.S.C. § 5361, et seq.](#), did not alter the scope of the Wire Act. Thus, under federal law, the use of the Internet to place or receive bets made outside the geographical limits of its jurisdiction is unlawful. However, such prohibitions apply to persons engaged in gambling activities outside the state borders and not to persons engaged in such activities within a single state.

### Authorized Locations

We have drafted a very aggressive legislation for the purpose of making Puerto Rico marketable, both at a national and international level, as an attractive destination for the millions of people betting on sports and eSports.

For such purposes, we promote the establishment of competitive license fees and tax rates vis-a-vis other U.S. states that are entering this new industry.

Consistent with our public policy, this new segment of sports betting is authorized to be conducted in as many locations as possible, insofar as such locations are able to ensure that strict standards on child protection, gambling addiction, and tax evasion are met.

Firstly, casinos, hotels, inns (*paradores*), racetracks, off-track betting locations, and cockpits shall be considered as authorized betting locations under this Act. Furthermore, centers or districts that promote betting on special sports events may be established in strategic areas such as tourist or historical zones or any other location that complies with this Act and meets the requirements established by the Commission.

In order to make this industry available in as many locations as possible across Puerto Rico, authorized off-track betting locations may apply for licenses to receive bets on sports events. The Gaming Commission shall establish lower licensing fees for these locations given that they are smaller establishments with a lower volume of revenues and players.

Likewise, in order to incentivize the cockfighting industry, cockpits shall not pay for the first ten (10) years of operations the license fees established herein, as required by the Commission, for the new betting modalities authorized in this Act.

### Government of Puerto Rico Gaming Commission

With this Act, this Administration also consolidates the implementation of a public policy aimed at reengineering and restructuring the Government thoroughly, thus rendering it more efficient and improving its services, while reducing spending, and promoting the Island’s economic growth. Through this Act we consolidate germane structures into a single entity thereby allowing the Government to address all relevant matters holistically, thus maximizing resources in the most effective manner. This Act consolidates under a single Commission all matters and regulations relating to the Horse Racing Industry, all matters entrusted to the Tourism Office of the Department of Economic Development and Commerce under the Games of Chance Act, and the new segments of sports and eSports betting; in addition, it addresses all matters related to Fantasy Contests, which are regulated in a separate chapter, since these operate different than sports and eSports betting.

The consolidation of all betting-related matters under a single Commission shall enable the Government of Puerto Rico to handle such matters within a single regulatory entity, as it is done in other U.S. jurisdictions. Furthermore, this consolidation shall allow the Government to maximize its resources, become more efficient and effective, and improve its service rendering. In addition, it is consistent with the Government right-sizing public policy as declared in the Plan for Puerto Rico. Said Plan for Puerto Rico, which the People endorsed on November 8, 2016, identifies government reengineering as an important piece of our Island’s economic development. Moreover, the Plan for Puerto Rico proposes the implementation of a new government structure that significantly cuts back on public spending and substantially improves its operations. To achieve this, it is necessary to conduct a thorough assessment of the services rendered by the Government to determine which services can be consolidated, without resorting to the dismissal of public employees, but rather to employee mobility consistent with the service needs of our citizens. Hence, this Act provides for a Commission that shall have jurisdiction over all types of betting and the authority to develop and prescribe by regulations all betting processes and procedures.

This action is consistent with all other measures taken by this Administration, given that we have consolidated twenty-five (25) agencies of the Executive Branch which shall result in annual savings of \$60 million. Likewise, this Administration has taken decisive actions directed at creating a more effective business and investment environment. Among said actions, it is worth noting the enactment of: the Labor Reform, Act No. 4-2017; the Permit Reform, Act No. 19-2017; the DMO, Act No. 17-2017; Invest Puerto Rico, Inc., Act No. 13-2017; and a New Tax Model which reduces tax rates, Act No. 257-2018. Regarding the government debt inherited by this Administration, in only two (2) years we have set the stage for and ensured unprecedented transactions in the history of our Nation.

### Games of Chance and the Horse Racing Sport

As part of the public policy on government efficiency, this Act creates the specialized Gaming Commission thus strengthening the entity responsible for regulating and overseeing such an important sector for our Island’s tourism. Thusly, we ensure that games of chance, which are so popular in major tourist centers worldwide, have resources that can effectively contribute to this sector considering the critical role it still plays on the Island’s economy. Therefore, this Act grants

to the new Commission jurisdiction over all types of gambling, including those provided for in [Act No. 221 of May 15, 1948, as amended, known as the “Games of Change Act.”](#) This Act does not eliminate the Office of the Commissioner of Financial Institutions (OCIF, Spanish acronym) or its role regarding Casinos; on the contrary, OCIF shall be charged with oversight to 12 prevent money laundering in connection with the new types of betting authorized herein, among others. Upon considering that many, if not all, casinos in Puerto Rico shall establish their own sports betting systems, this integration makes even more sense because it shall help create an efficient framework.

Moreover, the Puerto Rico horse racing industry is regulated by [Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act.”](#) This industry constitutes an important part of our economy. In addition, horse racing is considered a sport, a form of entertainment, and a family activity that interacts with various sectors of our local economy.

The horse racing industry and sport has a direct impact on the island’s economic development, Puerto Rican culture, and the social development of our People. This activity creates thousands of direct and indirect jobs, and assists in the collection of taxes, license fees, and other levies from various industry components. Moreover, the General Fund of the Government of Puerto Rico receives substantial revenues from horse race bets. The trust of horse race betters is critical for generating a substantial wager amount. To a great extent, this trust is contingent on the transparency and purity of the processes.

This Act shall provide such important sectors with an entity that has greater resources to address their needs and that shall be responsible for regulating betting in Puerto Rico.

The Government of Puerto Rico Gaming Commission shall comprise the Horse Racing Industry and Sport Administration, the Games of Chance Division of the Tourism Office of the Department of Economic Development and Commerce, as well as the necessary framework to regulate and oversee this new sports betting industry. The Commission shall be composed of seven (7) commissioners appointed by the Governor. These commissioners shall be the heads of the Department of Economic Development and Commerce; the Sports and Recreation Department; the Mental Health and Anti-Addiction Services Administration (ASSMCA, Spanish acronym); the Chief Innovation and Information Officer; and two (3) members from the private sector.

Likewise, the Commission shall have an Executive Director to be charged with the daily operations of the Commission and with the establishment of the specialized framework required to address the matters under the consideration thereof.

## CONCLUSION

With this Act, we take a step in the right direction to authorize an industry that has been on the rise at the National level after the U.S. Supreme Court’s holding in Murphy. This groundbreaking legislation is promoted with utmost urgency, but also with the greatest sense of responsibility.

As we have discussed, the sports betting sector has the potential of injecting millions of dollars annually into the Puerto Rican economy. While we do promote the establishment of this

industry through this Act, we also ensure the industry’s strict compliance with rigorous standards in order to prevent underage betting, gambling addiction, money laundering, and tax evasion.

The establishment of this industry may potentially keep Puerto Rico at the focal point of the Caribbean by serving as a liaison to the Americas. Our tropical weather, beauty, and several other factors have the potential to create an ideal environment for investors to place their trust on the Island.

This Act represents another forward-thinking step in innovative fields as we maintain our firm commitment to build a government with a more efficient and effective framework directed at rendering excellent services.

*Be it enacted by the Legislature of Puerto Rico:*

## CHAPTER I – GENERAL PROVISIONS

### **Section 1.1. — Title.** (15 L.P.R.A. § 981)

This Act shall be known as the “Government of Puerto Rico Gaming Commission Act.”

### **Section 1.2. — Public Policy.** (15 L.P.R.A. § 981a)

It is the public policy of the Government that Puerto Rico maintains its commitment to innovation and economic development thereby demonstrating that it is a pioneer, at the National level, in highly specialized fields such as sports event and eSports betting and all that pertains to Fantasy Contests; as well as in government reengineering. Sports Events and eSports betting are emerging fields with the potential to have a significant impact on the Island’s tourist sector. It is the Government’s public policy to not only adopt these types of betting, but also to continue maximizing resources for the benefit of all sectors of the betting industry set comprised in this Act with the creation of the Gaming Commission.

Likewise, it is the Government’s public policy to ensure and safeguard the integrity of minors in the face of these new types of betting by providing that minors shall not have access to such games, thus ensuring their emotional and general wellbeing. Consistent with these principles, measures are herein adopted to: educate on and fight gambling addiction; ensure the safety of all industry stakeholders; and prevent these new types of betting from being otherwise used for money laundering and tax evasion. It is the public policy to adopt measures that promote economic development while strengthening public safety with the appropriate oversight framework and ensuring the general wellbeing.



**Section 1.3. — Definitions.** (15 L.P.R.A. § 981b)

For purposes of this Act, the following terms and phrases shall have the meaning stated below:

(1) **“Sports Betting Administration Agreement”** — means a written agreement entered into between a Principal Operator and a Point of Sale for the administration and operation of an Authorized Sports Betting Location in order to operate as a Branch of the Principal Operator.

(2) **“Off-Track Betting Location”** — means locations where Off-track Betting Tellers operate pursuant to the Horse Racing Act.

(3) **“Sports Betting”** — means the business of accepting bets, in cash or cash equivalent, on any Sports Event or on the individual performance of individuals participating in a Sport Event or eSports, or a combination thereof, or a Special Event authorized by the Commission, by any method or system of betting. This includes, but is not limited to, any in-person communication, kiosks, and selfservice betting stations located in an authorized facility, or online. The term does not authorize bets on Sports Events designed for players under the age of eighteen (18). Betting on Sports Events held by educational institutions at elementary, middle, and high-school level are not authorized either.

This definition does not apply to:

(a) bets authorized under [Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act.”](#)

(b) all games of chance authorized under [Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act.”](#)

(4) **“Online Betting”** — means the business of accepting bets on any Sports Event through electronic communications and platforms such as the Internet, webpages, and mobile applications, including mobile sports betting platforms that allow a person using cash, checks, electronic checks, electronic fund transfers, microtransactions, credit cards, debit cards, or any other method to transmit information to a computer and complete the transaction with the corresponding information. Prepaid debit cards are excluded from this definition.

(5) **“Code”** — means the Internal Revenue Code for a New Puerto Rico, Act No. 1-2011, as amended, or any other subsequent law that substitutes it.

(6) **“Commission”** — means the Puerto Rico Gaming Commission.

(7) **“Fantasy Contests”** — means online games where participants assemble virtual teams of real players of a professional sport. These teams compete against each other based on the statistical performance of those players in actual games for a specific period.

(8) **“Executive Director”** — means the Executive Director of the Government of Puerto Rico Gaming Commission.

(9) **“eSports”** — means organized video game competitions where individual competitors, from different leagues or teams, compete against each other in popular games of the video game industry. There are three (3) modalities: (a) Bets on online sports events or tournaments played before live audiences or over the internet. (b) Skill-based Gaming – Combines chance with the player’s skill. (c) Peer-to-Peer Wagering – It is modeled on traditional aspects where two players play against each other and place bets through an intermediary who pays the winner and charges a commission.

**(10) “Sports Event”** – means any professional Sports Event, athletic event, or collegiate or varsity sport as well as any Sports or athletic event recognized by a sports governing body. For the purposes of this Act, the term ‘Sports Event’ may include, but shall not be limited to, other types of events or contests authorized by the Commission; provided, that the winner is determined in real time.

The term ‘Sports Event’ excludes:

**(a)** horse racing events regulated under [Act No. 83 of July 2, 1987, as amended, known as the ‘Puerto Rico Horse Racing Industry and Sport Act.’](#)

**(b)** electronic lottery games, drawings, or contests by virtue of Act No. 10 of May 24, 1989, as amended, known as the ‘Act to Authorize the Additional Lottery System’;

**(c)** games, drawings, or contests by virtue of Act No. 465 of May 15, 1947, as amended, known as the “Puerto Rico Lottery Act”; and **(d)** any prohibited or unlawful Sport Event.

**(11) “Collegiate or Varsity Sport Event”** — means a Sport or athletic event offered or sponsored by, or played in relation to a public or private institution that offers Higher Education services.

**(12) “Special Events”** — means any game or event that generates sports bets, including, but not limited to, eSports and Fantasy Games, the duration of which does not exceed thirty (30) days. The Commission may authorize events and contests, whether or not they are sports related; provided, that the winner is determined in real time. The Commission shall ensure a safe environment for all parties involved in the industry in order to prevent tax evasion, money laundering, and any other criminal conduct classified as such under the corresponding statutes. The term does not authorize betting on Special Events designed for players under the age of eighteen (18). Betting on Special Events held by educational institutions at elementary, middle, and high-school level is not authorized either. This definition does not include Traditional Lottery or Additional or Electronic Lottery, which shall be regulated by the Department of the Treasury.

**(13) “Gross Receipts”** — means the Total Gross Receipts received by a license holder minus the winnings paid by a license holder to winning players.

**(14) “Total Gross Receipts”** — means the receipts on sports bets received by the holder of a license to accept bets and pay out winnings.

**(15) “Authorized Player”** — means an individual, age 18 or older, whose identity was authenticated and registered in person at an authorized location with an Operator license. Once authorized and registered, the player may place bets at any authorized location or online.

**(16) “Operator”** — means an entity with a franchise authorized through a license issued by the Commission to accept sports bets placed either in person within an authorized location or through a sports betting application and to pay out winnings, within the territorial limits of Puerto Rico, in compliance with the state and federal legal framework. The term Operator shall also include: **(a)** a Principal Operator that, through a Sports Betting Administration Agreement, could offer services to other license holders to operate as Branches; and **(b)** an Online Betting Operator that, through a license issued by the Commission, is authorized to accept Online Sports Bets and pay out winnings, within the territorial limits of Puerto Rico, in compliance with the state and federal legal framework. The Commission shall prescribe through regulations the number of sites that each Betting Operator may offer.

**(17) “Authorized Location”** — means a physical establishment, whether an Operator or a branch, holding a license issued by the Commission to accept sports bets placed by registered and authorized players, and pay out winnings.

**(18) “Technology Platform Provider”** — means an entity holding a license issued by the Commission to provide betting software and hardware where they reside. The Technology Platform Provider that renders services to an Operator in Puerto Rico may not be an Operator in Puerto Rico.

**(19) “Service Provider”** — means any person or company holding a license issued by the Commission to offer services or any goods necessary for sports betting operations.

**(20) “Point of Sale or Branch”** — means an authorized location licensed as a point of sale by the Commission to accept sports bets on behalf and as a branch of the Principal Operator and to pay out winnings to bettors authorized thereto. In order to be authorized, every branch or point of sale must be evaluated by the Commission and comply, independently from the Principal Operator, with the parameters established in Sections 2.3 and 3.4 of this Act.

## CHAPTER II – GOVERNMENT OF PUERTO RICO GAMING COMMISSION

### **Section 2.1. — Commission.** (15 L.P.R.A. § 982)

A Commission to be known as the ‘Government of Puerto Rico Gaming Commission’ (hereinafter, ‘the Commission’) is hereby created. The Commission shall be an agency of the Government of Puerto Rico. It shall be composed of seven (7) commissioners of which five (5) shall be ex officio members, to wit: the Secretary of the Department of Economic Development and Commerce; the Executive Director of the Tourism Office of the Department of Economic Development and Commerce; the Secretary of the Sports and Recreation Department; the Administrator of the Mental Health and Anti-Addiction Services Administration; the Government’s Chief Information Officer; and two (2) members who shall be persons from the private sector appointed by the Governor with the advice and consent of the Senate, who shall be persons of recognized personal, moral, and professional integrity, and who are neither engaged in any businesses, activities nor have any interests in the Puerto Rico gambling industry. In the interest of optimizing the initial economic development that this industry represents for Puerto Rico, the Commission shall meet once a month during the first two years after the effective date of this Act. The determinations of the Commission shall be made by a majority of the members present, but four (4) members of the Commission shall constitute a quorum. However, if a vacancy occurs among the members of the Commission, a quorum shall consist of one half plus one (1) of the members in office. The ex officio members of the Commission shall discharge their duties without any compensation whatsoever. The two (2) members from the private sector appointed by the Governor shall be entitled to a per diem to be determined by the Commission. Such members shall also be entitled to receive the established per diems when they attend official events or activities as representatives of the Commission. The per diem shall be established by the Commission, but it shall never exceed one hundred and fifty dollars (\$150.00) per day. All of the commissioners shall be entitled to be reimbursed for any necessary expenses incurred in the discharge of their duties. The Commission shall be chaired by the Secretary of the Department of Economic Development and Commerce. The members of the Commission appointed by the Governor shall hold positions of trust, and thus, may be removed by the Governor at any time. It

is hereby provided that the members of the Commission shall be subject to the provisions of [Act No. 1-2012, as amended, known as the “Organic Act of the Puerto Rico Government Ethics Office.”](#)

**Section 2.2. — Jurisdiction and Powers of the Commission.** (15 L.P.R.A. § 982a)

The Government of Puerto Rico Gaming Commission shall govern, oversee and have jurisdiction over all matters pertaining to online betting industry such as, sports, eSports, and fantasy contests betting. Moreover, it shall have jurisdiction over the matters established in [Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act,”](#) as well as [Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act.”](#)

This Commission shall protect the integrity and stability of the industry by adopting, among others, stringent regulations for licenses, bets, betting mechanisms, authorized events, individuals, locations, practices, associations, and all activities related to this industry in Puerto Rico. The Commission shall employ always the best investigation and licensing practices, and shall enforce all laws, regulations, and rules relating thereto. Through such practices, it shall ensure the proper collection of taxes and license fees, which constitute a critical source of revenue for Puerto Rico, while promoting the development and growth of this industry.

The Commission shall have all powers as are necessary or convenient to achieve the purposes and enforce the provisions of this Act including, but not limited to, the following:

(1) To adopt, authorize, or amend regulations concerning all matters under its jurisdiction, and prescribe regulations that shall govern the requirements for and the granting of licenses, the imposition of fees, the collection of taxes and duties, and the operation of the games authorized under this Act, pursuant to Act No. 38-2017, as amended, known as the “Government of Puerto Rico Uniform Administrative Procedure Act.”

(2) To adopt an official seal and alter such seal as the circumstances warrant.

(3) To establish its own organizational structure and change it, from time to time, as necessary to properly enforce this Act and achieve its purposes. For such purposes, the Commission shall avail itself of the provisions of, and employ the mechanisms provided in [Act No. 8-2017, as amended, known as the “Government of Puerto Rico Human Resources Administration and Transformation Act.”](#)

(4) To maintain offices at the place or places it determines.

(5) To sue and be sued.

(6) To hire services to establish all licensed sports betting within a centralized system, which shall be available to the Commission, in order to allow the Government of Puerto Rico to effectively regulate and oversee the entire sports betting operations. When considering the proposals submitted for this tender, the Commission shall ensure that no bidder has any interest in the sports betting industry that may constitute a conflict of interest with respect to its duties as operator of the centralized system. Hiring any person, business, entity, or organization that has any business, association, agreement, nexus with or rights in, either directly or indirectly, with any business or entity, whether a parent or a subsidiary, related to the sports betting industry is hereby prohibited. To take the necessary safeguards, the Commission shall require the disclosure of partners,

members, shareholders, and/or members of the board of directors or governing body of any bidding business.

(7) To draft, enter into, and execute leases, contracts, and other instruments as are necessary or pertinent to the exercise of the powers and discharge the duties of the Commission, with any person, entity, corporation, federal agency, and any government agency or instrumentality.

(8) To hire any person, company, or corporation for consulting or advisory services.

(9) To acquire, for the purposes of the Commission, any personal property, including, but not limited to, acquisition by purchase or lease. It may also sell, lease, or otherwise dispose of any property that, in the judgment of the Commission, is no longer necessary to achieve the purposes of this Act.

(10) To hold hearings in accordance with its adjudicative function, conduct on-site inspections, summon witnesses, administer oaths and take testimonies, subpoena witnesses and documents and any other additional evidence of any nature deemed fundamental to have full knowledge of a matter under its jurisdiction.

(11) To adjudicate on matters under its jurisdiction when required by Act No. 38-2017, as amended, known as the “Government of Puerto Rico Uniform Administrative Procedure Act,” and/or the due process of law.

(12) The Commission is also empowered to issue orders or subpoenas and depose witnesses in the course of any investigation, issue subpoenas and compel the attendance of witnesses, administer oaths and take testimonies under oath. In the event of nonappearance, the Commission may resort to and petition the Court of First Instance to compel the attendance of witnesses under penalty of contempt.

(13) To keep and maintain a record of all of its proceedings in regular and special meetings as well as of all license applications and the actions thereon.

(14) To inspect license holders.

(15) To conduct inspections and examine all facilities or locations where activities regulated by this Act are carried out, where gaming devices, equipment and software are manufactured, repaired, sold, or distributed; provided that, these are located in the jurisdiction of Puerto Rico.

(16) To inspect any equipment or supplies in all the facilities or locations where the activities regulated by this Act are carried out.

(17) To seize and remove from such facilities or locations any equipment, supplies, materials, documents, or records for examination and inspection purposes.

(18) To require access to, and inspect, examine, photocopy, and audit all documents, books, and records of any applicant, license holder, or affiliate thereof, or former license holder, in his facilities or in any other location, whichever is more feasible.

(19) To issue, deny, revoke, suspend, and restrict licenses, and impose civil fines in accordance with the provisions of this Act and the regulations adopted thereunder.

(20) To investigate any suspected violations of the provisions of this Act for the purpose of enforcing any criminal, civil, or administrative liability.

(21) To file any legal action, suit or proceeding deemed necessary or convenient to enforce the provisions of this Act, or of any other law or regulations whose enforcement or oversight has been entrusted to the Commission, whether by and through its attorneys or the Secretary of Justice, upon motion to such effect.

(22) To submit to the Governor and the Legislative Assembly, through the Office of the Clerk of the House and Office of the Secretary of the Senate, an annual report of its operations, actions, determinations, and recommendations regarding the matters under its jurisdiction.

(23) To exercise the powers delegated thereto under [Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act”](#); [Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act”](#); and any other authority or power delegated to the Commission by other special laws. The special powers granted by this Act to each sector shall not be construed as a limitation to the broad powers of the Commission to enforce the [“Games of Chance and Gambling Devices in Casinos Authorization Act”](#) and the [“Games of Chance Act”](#); and

(24) To exercise the powers delegated thereto by [Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act”](#); and any other power or authority vested in the Commission by other special laws. The special powers granted by this Act to each sector shall not be construed as a limitation to the broad powers of the Commission to enforce [Act No. 83](#), supra.

The Commission shall adopt regulations as are necessary to discharge these powers, providing procedures that guarantee due process of law.

**Section 2.3. — Special Powers of the Commission Relating to Bets on Sport Events, eSports and Fantasy Contests.** (15 L.P.R.A. § 982b)

The Commission shall have all the powers deemed necessary or convenient to achieve the purposes and enforce the provisions of this Act, including but not limited to, the following:

(1) To fix the application fees for the following licenses: gaming, technology platform provider, service provider, sports betting, eSports, and fantasy contests.

(2) To determine which online sports events and games, sports betting, eSports, and fantasy Contests shall be authorized. The Commission shall establish the procedures for the authorized games and associated devices, equipment, and accessories, including, but not be limited to, approving the standards of conduct for the authorized online games, sports betting, eSports, and fantasy Contests. None of the provisions of this Act shall be considered or interpreted as to regulate the rules or the conduct of sports events.

(3) To establish the object of sports betting, eSports (without it being limited to sports events in which bets can be placed and accepted), and the gaming methods including what constitutes a winning or losing bet, or a tie; as well as the authorized online games including the winners, losers, or ties;

(4) To establish the manner in which bets on authorized games, sports, and eSports are received, payouts are remitted and point spreads, lines and odds are determined for each type of bet available;

(5) To establish the physical characteristics of any device, equipment, software, and accessory related to authorized online games, sports betting, eSports and fantasy leagues [sic], which shall comply with the standards or parameters established by an international laboratory recognized by regulatory entities and the gaming industry in the United States, and that is licensed in Puerto Rico;

(6) To establish the inspection procedures applicable to any device, equipment, software, and accessory related to authorized online games, eSports and Fantasy Contests;

**(7)** As part of an application evaluation, the Commission may require the applicant to submit fingerprints or any other method of identification, as well as information about his criminal record, if any, habits, and character, and any outstanding debts with the State. The Commission shall prescribe the manner and form of the application that every person applying for a license issued in accordance with this Chapter shall adhere to and complete prior to being considered; prescribe the communications technology to be allowed; require the implementation of border control technology to ensure that off-shore betting is not allowed; and require the implementation of programs to evaluate the financial capacity of players so as to limit the amount of bets they can place based on their income;

**(8)** To establish procedures for collecting bets and payouts, including, among others, internal revenue service requirements;

**(9)** To establish the procedures to handle suspected irregularities in authorized online games, sports betting, eSports, and Fantasy Contests.

**(10)** To establish the procedures for handling any device, equipment, software, as well as any defective or malfunctioning device;

**(11)** To establish the method to calculate the revenues from and set the standards for the authorized online games, Sports Betting, eSports, and Fantasy Contests, and the recording and counting of cash and cash equivalents collected from authorized online games and sports betting;

**(12)** In order to ensure that compulsive gamblers are protected, the Commission shall establish as a licensing requirement, without it being construed as a limitation, the adoption of currently available technology that identifies risk patterns in order to provide the player with advice, if necessary, on his playing patterns and/or on tools that shall help the player to identify his financial capacity. The necessary mechanisms shall be implemented to prevent players from placing bets that are deemed to be beyond their financial capacity;

**(13)** To establish regulations as are necessary to prevent money laundering and tax evasion;

**(14)** To establish the necessary parameters to ensure that no person under eighteen (18) years of age participates in betting through regulations as are necessary to protect and prevent game addiction. The regulatory provisions shall include the following:

**a)** No sports betting message should be designed to appeal primarily to those below the legal age for sports betting.

**b)** No message should suggest or imply that underage persons engage in sports betting.

**c)** No message shall promote irresponsible or excessive participation in sports betting.

**d)** Messages placed in digital media, including internet and mobile sites, commercial marketing emails, text messages, social media sites, and downloadable content, should include a link to a site that provides information about responsible gaming and the help available to address compulsive gambling problems.

**e)** Every principal operator and authorized branch shall provide visitors with information about responsible gaming and where to find help, including the Mental Health and Addiction Services Administration (ASSMCA, Spanish acronym) hotline. This information shall be available and publicly displayed. Likewise, it shall be available on their website, social media pages, and other advertising mediums allowed by Law.

**f)** Employees of Principal Operators and licensed Branches shall receive recurring training on gambling disorders and problems, as well as on how to identify compulsive players that frequently visit such locations. The frequency of such training shall be prescribed through

regulations. Likewise, employees shall be informed about their duty to prohibit minors under the age of eighteen (18) from accessing the gaming area, betting systems, as well as, purchasing or consuming alcohol at the facility. Employees who fail to receive the training required by regulations shall be unable to renew their license to work in betting facilities on the branches thereof.

**g)** Every Principal Operator or Branch authorized to accept sports bets and pay out winnings, which also includes the service and sale of alcohol, shall ensure that employees are trained with regards to responsible alcohol service policies and shall offer periodic training to such employees, pursuant to regulations; and

**(15)** Any other matter that, in the judgment of the Commission, should be regulated. However, all regulations shall raise public awareness about sports betting as an entertainment activity that is only for adults who can adhere to sound and responsible gaming practices. The Commission is hereby directed to ban any publicity and marketing strategy that is contrary to these principles.

**Section 2.4. — Executive Director.** (15 L.P.R.A. § 982c)

The Government of Puerto Rico Gaming Commission shall be under the direction of an Executive Director appointed by the Governor with the advice and consent of the Senate. The Executive Director shall have, at least, five (5) years of professional experience in public or business administration or professional experience or education in management or administration and shall earn a salary equivalent to that of a Judge of the Court of Appeals. The Executive Director shall be the chief executive of the Commission, hold a position of trust, and have the administrative and operational duties and functions as are delegated to him by the Commission pursuant to the powers conferred thereto. The Commission may not delegate its rulemaking authority. Nevertheless, the Commission may delegate to the Executive Director the authority to evaluate and make recommendations to the Commission regarding the license applications.

Likewise, the Executive Director shall ensure that the implementation of the public policy on the regulation of games and betting in Puerto Rico is consistent with the highest criteria of excellence and efficiency, adequately protects the public interest, and meets current needs as well as the current and future changes in the gaming and betting industry and its regulations.

**Section 2.5. — Functions and Duties of the Executive Director.** (15 L.P.R.A. § 982d)

In addition to the functions assigned to the Executive Director by the Commission pursuant to the powers conferred thereto, the Executive Director shall have the following powers, duties, and functions:

**(1)** To take administrative and managerial actions as are necessary and convenient for the effective implementation of this Act and the regulations adopted thereunder;

**(2)** To establish the administrative and organizational structure and change it from time to time as is necessary to properly implement this Act and achieve its purposes. This structure shall include personnel compensation, budget, finance, procurement, accounting systems, controls, and rules, and any other administrative systems needed for an effective and efficient operation. For such purposes, the Commission shall avail itself of the provisions of, and employ the mechanisms



provided in [Act No. 8-2017, as amended, known as the “Government of Puerto Rico Human Resources Administration and Transformation Act”](#);

(3) To establish, as authorized by the Commission and as appropriate, specialized bureaus for any events under the jurisdiction of the Commission. For such purposes, the Executive Director shall establish bureaus or offices for the horse racing sport, games of chance, and sports betting. The Executive Director may delegate to said bureaus or offices specific duties as he may deem appropriate to promote swiftness and efficiency in the operations thereof;

(4) To execute any action provided herein or delegated by the Commission relating to Sports Events, eSports, and fantasy leagues [sic] betting.

(5) To draft, enter into, and execute leases, contracts, and other instruments as are necessary or pertinent to the exercise of his powers with any person, entity, corporation, federal agency, and any government entity or instrumentality.

(6) Any other power vested in or conferred on the Executive Director in accordance with the provisions of [Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act”](#); [Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act”](#); [Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act”](#); and any other authority delegated by the Commission or special laws.

**Section 2.6. — Hearing Examiners.** (15 L.P.R.A. § 982e)

The Commission may delegate to hearing examiners its adjudicative function of presiding over the public hearings to be held. The hearing examiners shall be empowered to:

- (1) administer oaths and take testimonies;
- (2) issue subpoenas, require the production of reports, books, papers, and documents pertinent to the exercise of their duties;
- (3) receive relevant evidence and rule upon it;
- (4) take or direct the taking of depositions;
- (5) hold hearings and regulate the course of the hearings;
- (6) hold and preside over preliminary conferences for clarification and simplification of issues in controversy;
- (7) rule upon procedural requests or similar issues;
- (8) recommend decisions to the Executive Director; and
- (9) carry out duties in accordance with the adjudicative function delegated to them.

The duties of these hearing examiners shall be valid with the affirmative vote of a majority of the Commission, unless the law or the Commission has delegated to the Executive Director the authority to decide upon any matter, in which case the approval of the Executive Director shall suffice.

**Section 2.7. — Fines.** (15 L.P.R.A. § 982f)

For the purpose of ensuring the protection of children and preventing unlawful activities as well as any violation of this Act or the regulations promulgated to ensure effective compliance therewith, the Commission shall impose the following civil penalties: ten thousand dollars

(\$10,000) for the first violation, twenty thousand dollars (\$20,000) for the second violation, and twentyfive thousand dollars (\$25,000) for the third violation. A third violation shall also entail revoking the license of the party who committed such violation. The revenues collected from these fines shall be distributed in accordance with Section 3.15. The Commission shall prescribe by regulations the process to request review of the fines it issues.

**Section 2.8. — Lists to be Kept by the Commission.** (15 L.P.R.A. § 982g)

The Commission shall keep an updated list of all natural or juridical persons that are banned from obtaining any type of license issued by the Commission, as provided in this Section and Section 3.4. Likewise, the Commission shall keep a list of all natural persons who are banned from participating in sports betting, as provided in Section 3.12.

The lists referred to in the preceding paragraph shall include all natural and/or juridical persons that appear:

- (a) in the lists kept by the U.S. Department of the Treasury (in the Office of Foreign Assets Control - OFAC);
- (b) in any other list of terrorist, terrorist organizations, narcotics traffickers or organizations related to the latter that is currently kept by the Department of the Treasury in the aforementioned office; or
- (c) in any similar list kept by the U.S. Department of State, the U.S. Department of Commerce, the U.S. Department of Homeland Security, the U.S. Department of Justice, or any other governmental entity of the United States Government, of any state government, or of any territory of the United States or the Government of Puerto Rico.

These lists shall be updated daily and must include the social security number or employer identification number and/or any other information that helps duly identify such persons. To these ends, the Commission shall prescribe by regulations the process to include a natural and/or juridical person in these lists and the process for them to have their names removed therefrom, among others.

The authorization provided for herein to enable the Commission to establish such lists shall not be deemed to be a limitation for the Commission to maintain other lists it deems pertinent and appropriate.

**Section 2.9. — Budget of the Commission.** (15 L.P.R.A. § 982h)

As of Fiscal year 2019-2020, the Secretary of the Treasury shall deposit in a special account denominated “Government of Puerto Rico Gaming Commission Special Fund,” the funds collected by virtue of this Act, which may be used solely and exclusively for defraying the operating and functioning costs of the Commission and shall be deemed to be de jure encumbered for such purposes. Said budget items shall be independent from the General Budget of the Government of Puerto Rico, from the budget of any other entity, agency, instrumentality, or public corporation of the Government of Puerto Rico. However, for each fiscal year from the year of approval provided in Section 7.4 of this Act, the Commission shall submit its budget request, including the expense budget, to the Office of Management and Budget and additional funds shall be appropriated for its expenses and operations, according to its needs and total resources available.

Furthermore, the Commission shall be required to answer to and furnish any information requested by any Executive agency with relevant authority or to any request of the Legislative Assembly, and shall ensure that its budget and expenses are published on its webpage, which shall provide the general public with open access.

### CHAPTER III – SPORTS EVENTS AND ESPORTS BETTING

#### **Section 3.1. — Betting Authorization.** (15 L.P.R.A. § 983)

Betting on any professional sport or, any collegiate or varsity sport, Olympic or international sports event, or any part thereof, including, but not limited to the individual performance statistics of athletes or teams in a Sports Event or a combination thereof is hereby authorized. However, betting on Sports Events designed for players under the age of eighteen (18) is not authorized. Betting on Sports Events held by educational institutions at the elementary, middle, and highschool levels is not authorized either.

Furthermore, eSports betting is hereby authorized. This also includes any games that the Commission deems to be compatible with those mentioned in this gaming authorization and to be in the public interest, as well as those deemed suitable for the use thereof, including also game tournaments where participants compete against each other in one or more authorized games; betting on eSports events or tournaments; Skill-Based Gaming; and Peer-to-Peer Wagering, provided that the tournaments have been approved by the Commission.

If at any time, whether by law or judicial precedent, the federal government approves betting on sports events and eSports across states or other jurisdictions, the Commission is hereby empowered to approve regulations authorizing sports betting on the Island.

The maximum limit of daily Sports Bets allowed in cash per Authorized Player in an Operator or a branch may be provided by the Commission through regulations to such effect. Any medium used to place bets must be linked to a personal account of a bona fide financial institution. An online sports bet shall be deemed to be placed at the physical location of the server or other equipment used by an online betting Operator. The intermediate routing between servers of electronic data related to online bets shall not determine the location or locations where a sports bet is initiated, received, or otherwise placed.

#### **Section 3.2. — Authorized Locations.** (15 L.P.R.A. § 983a)

Bets on events authorized by this Chapter may be placed in-person at casinos, hotels without casinos, paradores, off-track betting locations, cockpits, and any other location which the Commission determines provides security for all parties engaged in this industry in order to prevent tax evasion, money laundering, and any other criminal conduct classified as such under the corresponding statutes. 14 For purposes of this Act, casinos and racetracks shall not be considered Branches; whereas hotels without casinos, paradores, racetracks, off-track betting locations, and cockpits may be considered as Branches. The Commission may authorize the holding of Special Events, as they are defined in subsection (11) of Section 1.3 of this Act. The

Commission shall not authorize new locations under the following circumstances: (1) using criteria based on a particular business industry; or (2) if the new location is located within less than one hundred (100) meters of a school, place of worship, or public or private drug or alcohol rehabilitation facility. However, if all these places consent in writing to the establishment of a point of sale or branch, the Commission may grant an authorization under the conditions it deems necessary so that all establishments may carry out their activities. The Commission is also hereby authorized to establish mechanisms that only allow persons within the territorial limits of Puerto Rico to engage in online or internet betting from computers, or mobile or interactive devices that accept bets through an online gaming system for betting on sport events and eSports; provided, that measures are implemented to ensure the security of all parties involved in this industry; and prevent tax evasion, money laundering and/or any other criminal conduct. The Commission shall require the use of border control technologies to ensure that bets are placed within the territorial limits of Puerto Rico. All points of sale and mobile applications or websites shall be accessible to persons with disabilities.

**Section 3.3. — Location of the Operations of an Online Gaming License Holder.** (15 L.P.R.A. § 983b)

An entity holding a license to accept online bets on the games authorized under this Chapter, from persons who are within the territorial limits of Puerto Rico shall establish its main gaming operations in a location authorized by the Commission and which meets the security standards established by the Commission, in accordance with acceptable standards or parameters of the gaming industry and regulatory entities throughout the United States. The backup systems and servers used pursuant to the rules established by the Commission to place bets on authorized online games may, with prior approval of the Commission, be located in a different location within the territorial limits of Puerto Rico. An Operator holding a license to accept Online bets shall maintain at least one location licensed as Principal Operator to receive bets in person, as well as to provide customer services and handle players’ claims.

The facilities to be used to conduct online games shall be organized in such a manner so as to provide optimum security for online games and all parties involved in this industry.

**Section 3.4. — Licenses.** (15 L.P.R.A. § 983c)

The Commission is hereby authorized to issue licenses, as prescribed by regulations, for the types of betting authorized by this Chapter. The Commission is hereby authorized to set licenses and licensing requirements as are necessary to comply with this Act as well as with state and federal laws, including the provisions of Section 2.8 regarding such matter. When issuing a license, the Commission may authorize agreements among holders of different licenses so that the principal Operators may render services to other license holders operating as branches or points of sale of the principal. The aforementioned requirements are hereby set without any impairment to the licenses issued by other oversight entities and that must remain valid in accordance with other statutes, such as the licenses issued by the Office of the Commissioner of Financial Institutions (OCIF, Spanish acronym).

Without it being construed as a limitation to other factors to be identified, the Commission shall take into account the following criteria when establishing the licensing requirements, in order to comply with the public policy set forth herein as well as with state and federal legal frameworks:

- (1) The experience, character, and general aptitude of the applicant are such that his involvement in this industry is in the public interest. Proposals that promote economic growth and maximize job creation shall have preference;
- (2) Betting shall increase revenues and job opportunities;
- (3) The applicant has sufficient funds or has secured appropriate financing to defray any necessary expansion or modification;
- (4) The applicant has financial stability, integrity, and responsibility to hold a license;
- (5) The applicant has sufficient business ability and experience to establish and maintain a successful betting operation. The Commission may also require the applicant to have experience in the games of chance industry for those licenses that warrant it in the public interest.
- (6) The internal and external security proposed by the applicant and the surveillance measures proposed for the area where applicant seeks to conduct the betting operations are appropriate; thus, prior to issuing a license to any location the Commission shall evaluate and confirm that the area where bets are placed is not accessible to minors, and that it meets the safety measures to ensure the wellbeing of players.
- (7) The applicant meets the application requirements and has furnished any other information required by the Commission.

As part of its evaluation, the Commission may require the applicant to submit his fingerprints or any other method of identification; as well as information about his criminal record, habits, and character. The Commission shall prescribe the manner and form of the application that every license applicant shall follow and complete before being considered; prescribe the communications technology to be allowed; require the implementation of border control technology to ensure that off-shore betting is not allowed; and require the implementation of programs to evaluate the financial capacity of players so as to limit the number of bets they can place based on their income.

Prior to issuing a license, the Commission is authorized to verify that each Operator and/or point of sale or branch is able to comply with the following:

1. The Bank Secrecy Act and the regulations promulgated thereunder, Public Law 91-508, as amended, ([12 U.S.C. 1829b](#), [12 U.S.C. 1951-1959](#), and [31 U.S.C. 5311-5332](#).) and its regulations implementing Title 11 of the BSA ([31 CFR, Part 103](#)), and the Currency Transaction Reports of the Internal Revenue Code. In addition, they shall comply with the regulations of OFAC and the Federal Trade Commission (FTC) as well as with all federal and state laws promulgated from time to time.
2. Fill out a Multiple Transactions Log (MTL) as part of their compliance with the BSA. The MTL must include Cash-In and Cash-Out transactions that may entail filing CTR's by gaming day.
3. Establish the protocol to prevent financial abuse and exploitation of seniors or people with disabilities, pursuant state laws in effect.
4. Act No. 36 of July 28, 1989, as amended, known as the “Abandoned and Unclaimed Money and Other Liquid Assets.”

5. Establish procedures and mechanisms to verify the customer’s identity.

**Section 3.5. — Licensing Fees.** (15 L.P.R.A. § 983d)

The Commission shall establish the initial fee as well as the annual fee to be paid by every license holder in order to engage in the betting operations authorized by this Chapter. The Commission shall also fix the amount of or establish the formula for the licensing fee, in accordance with the parameters established in this Section. When fixing the fee amount, the Commission shall evaluate the licensing fees of other jurisdictions to ensure its competitiveness.

Casinos shall apply for the appropriate licenses prescribed by the Commission through regulations in order to engage in the gaming operations authorized herein. The Commission shall establish the formula to compensate casinos for the fees paid for similar licenses, based on their operations and volume of business, for the purpose of reimbursing a portion of such payments as credit. In doing so, the Commission shall take into account, among other things, that the credit awarded for paid licensing fees does not affect the operations of the Commission.

For the purpose of incentivizing the cockfighting industry, any cockpits lawfully operating as of December 31, 2018, shall not pay the licensing fees imposed by the Commission for the new methods of betting authorized herein during the first ten (10) years of operation.

Likewise, for the purpose of incentivizing the horse racing industry, offtrack betting locations shall pay fifty percent (50%) of the licensing fees imposed by the Commission for the new types of betting authorized herein during the first ten (10) years of operation.

The Commission shall prescribe license and renewal fees by regulations. However, the minimum license fees to be set by the Commission shall be the following:

- (a) For Principal Operator and Online Betting Platform licenses, the minimum fee shall be fifty thousand dollars (\$50,000);
- (b) for Point of Sale or Branch licenses, the minimum fee shall be two thousand five hundred dollars (\$2,500);

**Section 3.6. — Basis for Denial of Licenses.** (15 L.P.R.A. § 983e)

Pursuant to the provisions of this Chapter, the Commission shall take into account, as a basis for denial of licenses, the following:

- (1) Whether the applicant made a misrepresentation of a material fact to the Commission;
- (2) Whether the applicant’s operation of a game or gaming device, or gaming operation has been suspended, or the applicant’s license has been revoked by any government authority responsible for regulating or overseeing games of chance;
- (3) Whether the applicant has been found guilty of an offense involving moral turpitude, a gaming-related crime, that is, theft or fraud, or other offense involving moral depravity; or
- (4) Whether the applicant is a company or person that has been directly employed by an illegal organization, whether in Puerto Rico or abroad, or that otherwise engaged in illegal gambling.

**Section 3.7. — Revocation or Suspension of License.** (15 L.P.R.A. § 983f)

The Commission may revoke or suspend any license issued under this Chapter if it has grounds to believe that there has been a noncompliance with any license requirement or any law or regulations. The suspension or revocation by the Commission of any license issued under this Chapter shall be subject to judicial review pursuant to the provisions of Act No. 38-2017, as amended, known as the “Government of Puerto Rico Uniform Administrative Procedure Act.”

**Section 3.8. — Non-transferable License.** (15 L.P.R.A. § 983g)

The Commission shall determine the eligibility of a person to hold or continue to hold a license, issue all licenses, and maintain a record of all licenses issued by virtue of this Section. No license issued or renewed pursuant to this Section may be transferred to another person. It is hereby prohibited to offer, pledge, or place a license as collateral.

**Section 3.9. — Authorized Players.** (15 L.P.R.A. § 983h)

Only persons who are eighteen (18) years of age or older may play. In order to verify whether a player is a minor, the Commission shall be required to take measures as necessary to ensure the identity of the player and that the player is eighteen (18) years old. The Commission shall employ the most advanced technology for such purpose and prescribe suitable parameters to ensure the authentication of the player, including, but not limited to, verifying his identification and social security. Likewise, the Commission may implement tools to assess the financial capacity of the applicant so as to be able to limit the number of bets he may place based on his income. The holder of any license issued by the Commission shall be required to implement strict controls to deny access to persons under the age of eighteen (18).

Provided, further, that prior to placing a Sports Bet, whether in person or online, the player must register in person at any location authorized as Principal Operator. Registration constitutes an essential requirement for placing bets in any online system, Principal Operator, or branches or points of sale, except for participating in fantasy contests. The register shall have strict controls to prevent individuals under the age of 18 from registering.

**Section 3.10. — Commissioner of Financial Institutions.** (15 L.P.R.A. § 983i)

The Commissioner of the Office of the Commissioner of Financial Institutions is hereby empowered to conduct investigations as are necessary to ensure compliance with this Act, prevent money laundering, and to ensure that all operations relating to and the revenues from the activities authorized under this Chapter comply with this Act and the federal legal framework. The Commissioner of Financial Institutions is hereby empowered to adopt regulations as deemed necessary or convenient to enforce the provisions of this Chapter. The Commissioner of Financial Institutions in conjunction with the Government of Puerto Rico Gaming Commission shall collaborate in the development of tools and processes to prevent and identify money laundering and/or any other violations of the federal and state legal framework relating to the activities authorized under this Chapter.

**Section 3.11. — Detection of Money Laundering Schemes.** (15 L.P.R.A. § 983j)

The online betting system for games authorized by this Chapter, including mobile games, shall be designed to detect and report suspicious activity such as scams, theft, embezzlement, collusion, money laundering, or any other unlawful activity. The holder of a casino or Operator license that offers Online games authorized by this Act shall designate an online games administrator who shall be responsible for the operation and integrity of Online games and shall constantly review all suspicious activity reports. The online games and mobile games administrator shall immediately notify the Commission when it detects any person engaging or attempting to engage in a scam, theft, embezzlement, collusion, money laundering, or any other unlawful activity, including those prohibited by the Penal Code and any other applicable special law.

**Section 3.12. — Ban on Engaging in Sports Betting.** (15 L.P.R.A. § 983k)

Any person from Puerto Rico, the United States, or abroad who is recognized as a professional athlete, trainer or referee, or the director of a sports governing body or of any member team thereof, a sports governing body or any member team thereof, or a player or referee who is a staff member in any Sports Event supervised by the sports governing body; a person who holds a position of authority or influence sufficient to exercise it over the participants of a tournament or Sports Event, including, among others, trainers, managers, agents, athletic trainers or sports trainers in general; a person with access to certain types of privileged information about a Sports Event, as defined in Section 1.3 of this Act; or a person identified in any list provided by a sports governing body in Puerto Rico shall be prohibited from betting on a Sports Event from which said person may benefit, or of which said person may have privileged information, or in any other event identified by the Commission. Any employee of a sports governing body or of a member team thereof who is not banned from betting on a Sports Event shall, however, notify the Commission prior to betting on Sports Events. The direct, indirect, or legal owner or beneficiary of a sport governing body or of any member team thereof shall not place any bet on a Sports Event in which a member team of such governing body is participating. The Commission shall keep an updated list of all persons banned from engaging in sports betting as provided in the preceding paragraph and subject to the provisions of Section 2.8 of this Act. Authorized Agents or Operators shall maintain records of the sports betting operations in accordance with the regulations promulgated by the Commission.”

**Section 3.13. — Tax on Bets Allowed by this Chapter.** (15 L.P.R.A. § 983)

Any Operator and/or point of sale or branch with a valid license issued by the Commission under this Act shall be subject, in lieu of any other tax provided in the Code or any other law, to the fixed rate established in this Section with regards to sports and eSports bets placed in accordance with this Act. Provided, that any income of the Operator and/or point of sale or branch other than from sports and eSports bets placed pursuant to this Act shall be subject to the provisions of the Code or applicable tax law.



The State shall impose and collect from the Operator and/or point of sale or branch a tax at the rate of seven percent (7%) on the gross receipts of any Sports and eSports bets placed in person.

The State shall impose and collect from the Operator and/or point of sale or branch a tax at the rate of twelve percent (12%) on the gross receipts of sports and eSports bets placed online.

Gross receipts shall be determined by subtracting the winnings paid by a license holder to winning players from the total gross receipts received by a license holder. The accounting and payment methods as well as the frequency of payment shall be determined by the Commission, in consultation with the Secretary of the Treasury.

No amount paid by the player on account of sports and eSports bets placed under this Act, which transactions shall be subject to the tax provided in this Section, shall be subject to the sales and use tax established in Subtitles D and DDD of the Code.

**Section 3.14. — Limitations on the Amount and Distribution of Commissions.** (15 L.P.R.A. § 983m)

The Commission shall establish the total commissions to be deducted from any authorized bet by any agent holding a license pursuant to this Chapter.

**Section 3.15. — Distribution of Revenues.** (15 L.P.R.A. § 983n)

The revenues collected by the Government of Puerto Rico by virtue of the taxes to be paid by participants in this industry shall be distributed as follows:

(1) Before any other disbursement, to cover all operating expenses of the Commission and its administrative structure to meet the obligations and exercise the powers delegated thereto by this Act;

(2) To guarantee the payments to our pensioners, fifty percent (50%) of revenues;

(3) To provide resources for the operations of the Puerto Rico Police so as to continue to ensure the safety of our People, fifteen percent (15%) of revenues.

(4) For the municipalities, ten percent (10%) of revenues, to be transferred to the Municipal Improvement Fund;

(5) For the Sports and Recreation Department of the Government of Puerto Rico, five percent (5%) of the revenues, to support and develop sports, including Paralympic sports on the Island. The Department (SRD) shall distribute the funds allocated as follows: of the five percent (5%) of revenues appropriated to the Department, three percent (3%) shall be allocated to nonprofit organizations engaged in the development, promotion, and advancement of competitive sports; and two percent (2%) among nonprofit organizations engaged in the development, promotion, and advancement of Paralympic sports on the Island. The Department shall create and publish the requirements, guidelines, and criteria for granting these funds, always taking as a basis that funds shall be distributed proportionally to the performance and impact of applicants on sports, including Paralympic sports.

(6) For the Joint Committee on Legislative Donations, five percent (5%) to be distributed among nonprofit organizations engaged in the development, promotion, and advancement of sports in Puerto Rico. This Committee shall create and publish the requirements, guidelines, and criteria for

granting these funds, always taking as a basis that funds shall be distributed proportionally to the performance and impact of applicants on sports and the community they serve;

(7) To strengthen the resources allocated for children’s education on the Island through a special account aimed at advancing our strong commitment to education and which may be used to fund the My Future Account program and other Programs of the Department of Education, such as: the school voucher program, ten percent (10%) of the revenues; and

(8) For the [sic] Health and Anti-addiction Services Administration to be allocated for gambling education and fighting gambling addiction through the services offered by said Administration, five percent (5%) of the revenues.

## CHAPTER IV – FANTASY CONTESTS

### Section 4.1. — Definitions. (15 L.P.R.A. § 984)

Any term defined in this Act, but not defined in this Chapter shall apply to Fantasy Contests. As used in this Chapter, and unless the context indicates otherwise, the following terms shall have the meaning stated below:

(1) “**Confidential Information**” means the information related to the play of a Fantasy Contest by a Fantasy Contest player obtained as a result or by virtue of a person’s employment.

(2) “**Entry Fee**” means the cash or cash equivalent that a Fantasy Contest player is required to pay to a fantasy contest Operator in order to participate therein.

(3) “**Fantasy Contest**” means any online Fantasy or simulated game or Contest in which one or more players compete against each other and the winning outcomes reflect the relative knowledge and skill of the Fantasy Contest players and are determined, mostly, by accumulated statistical results of the performance of individuals, including athletes in the case of sports events.

(4) “**Fantasy Contest Operator**” means a person or entity that offers Fantasy Contests to members of the public in general for an Entry Fee and a cash award.

(5) “**Fantasy Contest Player**” means a person who participates in a Fantasy Contest offered by a Fantasy Contest Operator.

(6) “**Fantasy Contest Gross Revenue**” means the amount equal to the total of all entry fees that a Fantasy Contest Operator collects from all fantasy contest players at the national level, less the total of all sums paid out as winnings to all fantasy contest players, multiplied by the Resident Percentage for Puerto Rico;

(7) “**Resident Percentage**” means the percentage, rounded to the nearest tenth of a percent, of the total entry fees collected from Fantasy Contest players located in Puerto Rico, divided by the total Entry Fees collected from all Fantasy Contest players.

(8) “**Fantasy Contest Gross Revenue At the National Level**” is the amount equal to the total of all entry fees that a Fantasy Contest Operator collects from all Fantasy Contest players located in the United States and in Puerto Rico, less the total of all sums paid out as winnings to all fantasy contest players.

**Section 4.2. — Tax on Entry Fees Allowed in this Chapter.** (15 L.P.R.A. § 984a)

For participating in Fantasy Contests, the State shall impose and collect a tax at the rate of twelve percent (12%) on the gross revenues of the fantasy contest entry fee.

**Section 4.3. — Registration in Fantasy Contest.** (15 L.P.R.A. § 984b)

No Fantasy Contest Operator may offer a Fantasy Contest with entry fees in the jurisdiction of Puerto Rico without first being registered and licensed with the Government of Puerto Rico Gaming Commission. Applications for registration and renewal shall be on forms prescribed by the Commission.

In order to offer Fantasy Contests with Entry Fees in Puerto Rico, a Fantasy Contest Operator shall apply to the Office for an initial license. The Commission shall prescribe by regulations the license and license renewal fees. However, the minimum license fees to be set by the Commission shall be:

- (a) The minimum license fee to be paid by Fantasy Contest Operators whose gross revenues from these Contests at the national level exceed ten million 46 dollars (\$10,000,000), shall be ten thousand dollars (\$10,000). This minimum fee shall also apply for license renewals.
- (b) The minimum license fee to be paid by all other Fantasy Contest Operators shall be five thousand dollars (\$5,000). This minimum shall also apply for license renewals.

**Section 4.4. — Consumer Protection.** (15 L.P.R.A. § 984c)

Fantasy Contest Operators offering Fantasy Contests with Entry Fees in Puerto Rico shall establish commercially reasonable procedures that are intended to:

- (a) Prevent the Fantasy Contest Operator, its employees and family members living in the same household as the employees from competing in any public Fantasy Contest offered by any Fantasy Contest Operator in which the Operator offers a cash prize to the general public;
- (b) Prevent the sharing of Confidential Information that could affect Fantasy Contest play with third parties before the information is made publicly available;
- (c) Verify that any Fantasy Contest player is eighteen (18) years of age or older;
- (d) Prevent Fantasy Contests Operators from offering contests based on the performance of participants in high schools or youth athletics;
- (e) Prevent Fantasy Contests Operators from offering Fantasy Contests open to the general public without establishing or announcing the prizes or awards offered to winners before the game or contest.
- (f) Ensure that no winning outcome is based on the score, point spread, or any performance of any single actual team or combination of teams or solely on any single performance of an individual athlete or player in any single actual event;
- (g) Ensure that an individual playing in a Sports Event or actual game does not participate in a Fantasy Contest that is determined, in whole or part, on the accumulated statistical results of that player, the player’s actual team, or sports competition in which such player is a participant;
- (h) Allow individuals to restrict themselves from entering a Fantasy Contest upon request and take reasonable steps to prevent those individuals from entering the Operator’s Fantasy Contests;

- (i) Disclose the number of entries a single Fantasy Contest player may submit to each Fantasy Contest and take reasonable steps to prevent such players from submitting more than the allowable number of entries;
- (j) Segregate Fantasy Contest player funds from operational funds in separate accounts or maintain a reserve in an amount equal to or in excess of the funds deposited by the players, which shall not be used for operational activities. This reserve may be in the form of cash, cash equivalents, irrevocable letter of credit, bond, and payment processor accounts and receivables, or a combination thereof in an amount that exceeds the total balance of the fantasy contest players’ accounts.
- (k) Refrain from approaching minors or other players excluded by this Act.
- (l) Hire a third party to conduct independent annual audits, pursuant to the standards of the American Institute of Certified Public Accountants, in accordance with this Act, and file the results of said audits with the Office within 270 days from the close of the fiscal year of the Operator.

**Section 4.5. — Games of Chance Exempted and Applicability of the Provisions of the Gaming Commission Act.** (15 L.P.R.A. § 984d)

Fantasy Games offered in accordance with this Act shall be exempt from the provisions of [Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance Act.”](#) Likewise, all the general provisions of the Gaming Commission Act shall apply to Fantasy Contests regulated in this Chapter; provided, that such general provisions are not inconsistent with these specific provisions.

CHAPTER V – AMENDMENTS – GAMES OF CHANCE AND GAMBLING DEVICES IN CASINOS AUTHORIZATION ACT; GAMES OF CHANCE ACT

**Section 5.1. — Omitted.** [Section 2 of [Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act”](#), is hereby amended]

**Section 5.2. — Omitted.** [Section 2-A of [Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act”](#), is hereby amended]

**Section 5.3. — Omitted.** [Section 2-B of [Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act”](#), is hereby amended]

**Section 5.4. — Omitted.** [Section 4 of [Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act”](#), is hereby amended]

**Section 5.5. — Omitted.** [Section 4 of [Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act”](#), is hereby amended]

**Section 5.6. — Omitted.** [Section 5 of [Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act”](#), is hereby amended]

**Section 5.7. — Omitted.** [Section 7 of [Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act”](#), is hereby amended]

**Section 5.8. — Omitted.** [Section 7-A of [Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act”](#), is hereby amended]

**Section 5.9. — Omitted.** [Section -7-B of [Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act”](#), is hereby amended]

**Section 5.10. — Omitted.** [Section 8 of [Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act”](#), is hereby amended]

**Section 5.11. — Omitted.** [Section 9 of [Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act”](#), is hereby amended]

**Section 5.12. — Omitted.** [Section 9-A of [Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act”](#), is hereby amended]

**Section 5.13. — Omitted.** [Section 9-B of [Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act”](#), is hereby amended]

**Section 5.14. — Omitted.** [Section 11 of [Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act”](#), is hereby amended]

**Section 5.15. — Omitted.** [Section 12 of [Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act”](#), is hereby amended]

**Section 5.16. — Omitted.** [Section 13 of [Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act”](#), is hereby amended]

**Section 5.17. — Omitted.** [Section 14 of [Act No. 221 of May 15, 1948, as amended, known as the “Games of Chance and Gambling Devices in Casinos Authorization Act”](#), is hereby amended]

**Section 5.18. — Omitted.** [Section 3 of [Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act”](#), is hereby amended]

**Section 5.19. — Omitted.** [Section 4 of [Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act”](#), is hereby amended]

**Section 5.20. — Omitted.** [Section 5-A of [Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act”](#), is hereby amended]

**Section 5.21. — Omitted.** [Section 6 of [Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act”](#), is hereby amended]

**Section 5.22. — Omitted.** [Section 8 of [Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act”](#), is hereby amended]

**Section 5.23. — Omitted.** [Section 9 of [Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act”](#), is hereby amended]

**Section 5.24. — Omitted.** [Section 10 of [Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act”](#), is hereby amended]

**Section 5.25. — Omitted.** [Section 11 of [Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act”](#), is hereby amended]

**Section 5.26. — Omitted.** [Section 12 of [Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act”](#), is hereby amended]

**Section 5.27. — Omitted.** [Section 13 of [Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act”](#), is hereby amended]

**Section 5.28. — Omitted.** [Section 14 of [Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act”](#), is hereby amended]

**Section 5.29. — Omitted.** [Section 15 of [Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act”](#), is hereby amended]

**Section 5.30. — Omitted.** [Section 16 of [Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act”](#), is hereby amended]

**Section 5.31. — Omitted.** [Section 17 of [Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act”](#), is hereby amended]

**Section 5.32. — Omitted.** [Section 18 of [Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act”](#), is hereby amended]

**Section 5.33. — Omitted.** [Section 19 of [Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act”](#), is hereby amended]

**Section 5.34. — Omitted.** [Section 24 of [Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act”](#), is hereby amended]

**Section 5.35. — Omitted.** [Section 25 of [Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act”](#), is hereby amended]

**Section 5.36. — Omitted.** [Section 26 of [Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act”](#), is hereby amended]

**Section 5.37. — Omitted.** [Section 27 of [Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act”](#), is hereby amended]

**Section 5.38. — Omitted.** [Section 32 of [Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act”](#), is hereby amended]

**Section 5.39. — Omitted.** [Section 33 of [Act No. 11 of August 22, 1933, as amended, known as the “Games of Chance Act”](#), is hereby amended]

#### CHAPTER VI – AMENDMENTS TO THE HORSE RACING SPORT ACT

**Section 6.1. — Omitted.** [Section 2 of [Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act.”](#) is hereby amended]

**Section 6.2. — Omitted.** [Section 3 of [Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act”](#) is hereby amended]

**Section 6.3. —** Sections 4, 5, 7, 8, 9, 10, and 11 of [Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act.”](#) are hereby repealed.

**Section 6.4. — Omitted.** [Section 6 renumbered as Section 4 of [Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act”](#) is hereby amended]

**Section 6.5. — Omitted.** [Section 12 renumbered as Section 5 of [Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act”](#) is hereby amended]

**Section 6.6. — Omitted.** [Section 13 of [Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act”](#) is hereby renumbered as Section 6 and amended]

**Section 6.7. — Omitted.** [Section 14 of [Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act”](#) is hereby renumbered as Section 7 and amended]

**Section 6.8. — Omitted.** [Section 15 of [Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act”](#) is hereby renumbered as Section 8 and amended]

**Section 6.9. — Omitted.** [Section 16 of [Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act”](#) is hereby renumbered as Section 9 and amended]

**Section 6.10. — Omitted.** [Section 17 of [Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act”](#) is hereby renumbered as Section 10, and subsections (a) and (d) are hereby amended]

**Section 6.11. — Omitted.** [Section 18 of [Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act”](#) is hereby renumbered as Section 11, and subsections (c) and (e) and (f) are hereby amended]

**Section 6.12. — Omitted.** [Section 19 of [Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act”](#) is hereby renumbered as Section 12, and subsections A., and B., and C., are hereby amended]

**Section 6.13. — Omitted.** [Section 20 of [Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act”](#) is hereby renumbered as Section 13, and subsections (7) and (8) are hereby amended]

**Section 6.14. —** Section 21 of [Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act”](#) is hereby renumbered as Section 14.

**Section 6.15. — Omitted.** [Section 22 of [Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act”](#) is hereby renumbered as Section 15, and amended]

**Section 6.16. —** Section 23 of [Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act”](#)] is hereby repealed and Section 24 is hereby renumbered as Section 16]

**Section 6.17. — Omitted.** [Section 25 of [Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act”](#) is hereby renumbered as Section 17, and amended]

**Section 6.18. — Omitted.** [Section 26 of [Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act”](#) is hereby renumbered as Section 18, and amended]



**Section 6.19. — Omitted.** [Section 27 of [Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act”](#) is hereby renumbered as Section 19, and amended]

**Section 6.20. — Omitted.** [Section 28 of [Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act”](#) is hereby renumbered as Section 20, and amended]

**Section 6.21. — Omitted.** [Section 29 of [Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act”](#) is hereby renumbered as Section 21, and amended]

**Section 6.22. — Omitted.** [Section 30 of [Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act”](#) is hereby renumbered as Section 22, and amended]

**Section 6.23. — Omitted.** [Section 31 of [Act No. 83 of July 2, 1987, as amended, known as the “Puerto Rico Horse Racing Industry and Sport Act”](#) is hereby renumbered as Section 23, and amended]

## CHAPTER VII – TRANSITORY PROVISIONS

### **Section 7.1. — Transition Process.** (15 L.P.R.A. § 982a nota)

The Commission is hereby authorized to adopt transition measures as needed in order to implement the provisions of this Act without interrupting public services and other administrative processes of the entities that shall be part of the Commission and its components. 128 Any actions that are necessary, appropriate, and convenient to attain the purposes of this Act, including, but not limited to, the revision of regulations, the establishment of their internal, programmatic, and budgetary structure, as well as the accounts structure required to carry out their fund accounting, and the relocation of offices, shall begin within a term that shall not exceed thirty (30) calendar days after the approval of this Act. In the transition process, the administrative structures and functions may be carried out by current officials and existing structures until the completion of the transition. The regulations and processes in effect shall continue in effect until the Commission modifies them in accordance with the Act, and such regulations and processes may be applied, notwithstanding any reference made to the preceding administrative structure repealed under this Act.

### **Section 7.2. — Employee Provisions.** (15 L.P.R.A. § 982a nota)

The provisions of this Act shall not be used as grounds for dismissal of any employee holding a regular position. The personnel of the entities and offices that shall become part of the Commission shall be designated in accordance with the statutes, regulations, and administrative

rules applicable thereto. Likewise, all regulations and personnel transactions shall comply with the provisions of [Act No. 8-2017, as amended, known as the ‘Government of Puerto Rico Human Resources Administration and Transformation Act.’](#)

Employees transferred to other areas or entities shall keep their vested rights pursuant to the laws, rules, collective bargaining agreements, and regulations applicable thereto, as well as their privileges, obligations, and status with respect to any existing pension, retirement, or savings and loan fund system established by law, in which they were participating prior to the approval of this Act and that are compatible with the provisions of Act No. 26-2017, as amended, known as the ‘Fiscal Plan Compliance Act.’

**Section 7.3. — Rulemaking Authority.** (15 L.P.R.A. § 982a nota)

All regulations, orders, resolutions, circular letters, and all other administrative documents that govern the operations of the bodies, programs, services and functions transferred under this Act to the Commission and which are in effect as of the effective date of approval of this Act, provided, that they are consistent therewith, shall continue in effect until they are expressly altered, modified, amended, repealed, or substituted by the Secretary.

It is hereby provided that any law, executive order, administrative order, regulations, resolution, circular letter, or similar document making reference to any of the consolidated entities or divisions is hereby amended and henceforth any reference to the Tourism Company or the Horse Racing Board shall be deemed to refer to the Government of Puerto Rico Gaming Commission; and any reference to the Horse Racing Administrator and Horse Racing Administration shall be deemed to refer to the Executive Director.

The Regulations on the functions herein transferred to the Commission shall continue in effect until they are expressly altered, modified, amended, repealed, or substituted by the Commission.

**Section 7.4. — Initial Budget of the Commission.** (15 L.P.R.A. § 982a nota)

As of the approval of this Act, the funds, assets, and resources previously allocated to the consolidated entities and divisions pursuant to the budget in effect and the applicable law are hereby transferred to the Commission, which is authorized to use and administer them. The Office of Management and Budget shall appropriate for the current fiscal year the items needed for establishing the structure of the new Commission in view of the new types of wagering authorized in this Act.

**Section 7.5. — Conflicting Provisions Superseded.** (15 L.P.R.A. § 982a nota)

If the provisions of this Act were in conflict with the provisions of any other law, the provisions of this Act shall prevail unless the provisions of such other law specifically amend or repeal any or all of the provisions of this Act.

**Section 7.6. — Severability.** (15 L.P.R.A. § 982a nota)

If any clause, paragraph, subparagraph, sentence, word, letter, article, provision, section, subsection, title, chapter, subchapter, heading, or part of this Act were held to be null or unconstitutional, the ruling, holding, or judgment to such effect shall not affect, impair, or invalidate the remainder of this Act. The effect of said holding shall be limited to the clause, paragraph, subparagraph, sentence, word, letter, article, provision, section, subsection, title, chapter, subchapter, heading, or part of this Act thus held to be null or unconstitutional. If the application to a person or a circumstance of any clause, paragraph, subparagraph, sentence, word, letter, article, provision, section, subsection, title, chapter, subchapter, heading, or part of this Act were held to be null or unconstitutional, the ruling, holding, or judgment to such effect shall not affect or invalidate the application of the remainder of this Act to such persons or circumstances where it may be validly applied. It is the express and unequivocal will of this Legislative Assembly that the courts enforce the provisions and application thereof to the greatest extent possible, even if it renders ineffective, nullifies, invalidates, impairs, or holds to be unconstitutional any part thereof, or even if it renders ineffective, invalidates, or holds to be unconstitutional the application thereof to any person or circumstance. This Legislative Assembly would have approved this Act regardless of any determination of severability that the Court may make.

**Section 7.7. — Effectiveness Clause.** (15 L.P.R.A. § 982a nota)

This Act shall take effect upon its approval. However, it is hereby provided that bets authorized under this Act shall begin upon the constitution of the Government of Puerto Rico Gaming Commission, the regulation of the new authorized games, and the issuance of the appropriate licenses. The amendments of this Act, contained in Chapter V, to [Act No. 221 of May 15, 1948, as amended, known as the ‘Games of Chance and Gambling Devices in Casinos Authorization Act,’](#) shall become effective on the effective date of this Act. The effectiveness of this Act shall not be affected by the effectiveness clause of Section 17.3 of Act No. 141-2018, as amended, known as the ‘Department of Economic Development and Commerce Reorganization Plan Enforcement Act of 2018.’ All amendments contained in Act No. 141-2018 to the provisions of [Act No. 221 of May 15, 1948, as amended, known as the ‘Games of Chance and Gambling Devices in Casinos Authorization Act,’](#) that are not inconsistent with this Act shall become effective on the effective date thereof.

Note. This compilation was prepared by the [Puerto Rico Office of Management and Budget](#) staff who have striven to ensure it is complete and accurate. However, this is not an official compilation and may not be completely free of error. It contains all amendments incorporated for reading purposes only. For accuracy and exactitude please refer to the act original text and the collection of Laws of Puerto Rico Annotated LPR.A. The state links acts are property of [Legislative Services Office](#) of Puerto Rico. The federal links acts are property of [US Government Publishing Office GPO](#). Compiled by the Office of Management and Budget Library.

See also the [Original version Act](#), as approved by the Legislature of Puerto Rico.