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**SENATE COMMITTEE AMENDMENTS**

2020 Regular Session

Amendments proposed by Senate Committee on Judiciary A to Engrossed House Bill No. 357 by Representative Magee

AMENDMENT NO. 1

On page 1, delete lines 2 through 6, and insert, "To amend and reenact R.S. 27:302 and 304 and to enact R.S. 27:306 through 313, relative to fantasy sports contests; to provide relative to the Louisiana Fantasy Sports Contests Act; to provide for definitions; to provide for the licensing and suitability of fantasy sports contest operators; to provide relative to the issuance or denial of licenses; to prohibit the transfer of licenses; to provide relative to administrative rules; to provide for periodic reporting; to provide relative to revocation or suspension of a license; to provide relative to investigations; to provide for obligations to participants; to provide for inactive accounts; to provide for"

AMENDMENT NO. 2

On page 1, delete lines 9 through 20, on page 2, delete lines 1 through 29, on page 3, delete lines 1 through 16, and insert the following:

"Section 1. R.S. 27:302 and 304 are hereby amended and reenacted and R.S. 27:306 through 313 are hereby enacted to read as follows:

§302. Definitions

For purposes of this Chapter:

(1) "Board" means the Louisiana Gaming Control Board.

(2) "Confidential information" means information related to the play of a fantasy sports contest by fantasy sports contest players that is obtained as a result of or by virtue of a person's employment.

(3) "Entry fee" means cash or cash equivalent that is required to be paid by a fantasy sports contest participant to a fantasy sports contest operator in order to participate in a fantasy sports contest.

~~(2)~~(4) "Fantasy sports contest" means any fantasy or simulation sports game or contest played through the internet or mobile device with all of the following elements:

(a) Participants create a simulation sports team based on the current membership of actual amateur or professional sports organizations.

(b) All prizes and awards offered to winning participants are established and made known to the participants in advance of the game or contest, and the value of the prizes or awards is not determined by the number of participants or the amount of any fees paid by those participants.

(c) All winning outcomes reflect the relative knowledge and skill of the participant and are predominantly determined by accumulated statistical results of the performance of the individuals, including athletes in the case of sporting events.

(d) No winning outcome is based on either of the following:

(i) On the score, point-spread, or any performance or performances of any single real-world team or any combination of such teams.

(ii) Solely on any single performance of an individual athlete in any single real-world sporting or other event.

(5) "Fantasy sports contest operator" or "operator" means a person or entity that is licensed by the board to offer a platform for the playing of fantasy sports contests, to administer one or more fantasy sports contests with an entry fee, and to award a prize of value.

(6) "Fantasy sports contest player" or "player" means a person who participates in a fantasy sports contest offered by a fantasy sports contest operator.

(7) "Gross fantasy sports contest revenues" means the amount equal to the total of all entry fees that a fantasy sports contest operator collects from all fantasy sports contest players, multiplied by the location percentage for the state of Louisiana.

(8) "Location percentage" means, for each fantasy sports contest, the percentage rounded to the nearest tenth of a percent of the total of entry fees collected from fantasy sports contest players located in the state of Louisiana, divided by the total entry fees collected from such players participating in fantasy sports contests.

(9) "Net revenue" means for all fantasy sports contests, the amount equal to the total entry fees collected from all participants entering such fantasy sports contests, less the winnings paid to participants in the contests.

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§304. Gaming Control Board; duties and powers

A. The board shall perform the duties and functions as authorized by the provisions of this Chapter and the regulatory authority with respect to the regulation of fantasy sports contests as provided by R.S. 27:15.

B. The board shall adopt, pursuant to the Administrative Procedure Act, all rules necessary to implement, administer, and regulate fantasy sports contests as authorized in this Chapter. The rules shall include but not be limited to the following:

(1) The issuance of any license, contract, or permit authorized by this Chapter, subject to regulation of the board.

(2) The methods of and forms and procedures for making an application for a license, contract, or permit to be considered by the board.

(3) The methods of and forms for providing to the board information concerning a person's family, habits, character, associates, criminal record, business activities, and financial affairs.

(4) Not later than August 1, 2020, the board shall institute rulemaking procedures as necessary to implement the provisions of this Subsection.

C. Upon direction of the board, the office of state police and the attorney general shall submit proposed rules to the board for consideration, modification, and promulgation as provided in this Section.

D. The board shall not adopt rules and regulations pertaining to campaign finance and contributions which are more restrictive than the provisions of law found generally in Chapter 11 of Title 18 of the Louisiana Revised Statutes of 1950, and specifically in R.S. 18:1505.2(L).

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§306. Licensing of fantasy sports contest operators

A. No fantasy sports contest operator shall offer any fantasy sports contest in this state without first being licensed by the board. Applications for licensure shall be on forms provided by the board. Each license shall be granted for a period of three years.

B. Before obtaining a license to offer fantasy sports contests in this state, a fantasy sports contest operator shall:

(1) Be a person domiciled in Louisiana or a domestic business entity with a certificate of existence from the Secretary of State and in good standing or a foreign corporation with a certificate of authority to transact business in this state from the Secretary of State and in good standing.

(2) Demonstrate to the board that the operator is suitable for licensing pursuant to R.S. 27:28.

C. Any fantasy sports contest operator that allows its license to lapse, without requesting an extension of time to file for renewal of the license, shall be required to resubmit an initial application for licensure. An extension may be granted by the board upon receipt of a written request prior to the lapse of the license.

D. A license issued by the board to a fantasy sports contest operator shall not be transferable.

§307. Issuance or denial of license

A. The board shall consider all applications for licensure and shall issue a valid license to an applicant that meets the criteria set forth in this Chapter.

B. The board shall deny a license to any applicant who does not meet the criteria as set forth in this Chapter and as established by the board.

C. The board shall issue or deny an operator's license within sixty days of receipt of an application for licensure. If a license is not issued, the board shall provide the operator with specific reasons for not issuing a license.

1 D. A license issued by the board to a fantasy sports contest operator shall not  
2 be transferable.

3 §308. License requirements

4 A. As a condition of licensure, a fantasy sports contest operator shall submit  
5 evidence to the board that the operator has established and will implement  
6 commercially reasonable procedures for fantasy sports contests with an entry fee  
7 that:

8 (1) Prevent employees of the fantasy sports contest operator, and relatives of  
9 an employee living in the same household as an employee of an operator, from  
10 competing in fantasy sports contests offered by an operator in which the operator  
11 offers a cash prize to the general public.

12 (2) Prevent sharing of confidential information that could affect fantasy  
13 sports contests with third parties until the information is made publicly available.

14 (3) Provide that no winning outcome is based on the score, point spread, or  
15 any performance of any single actual real-world sports team or combination of such  
16 teams or solely on any single performance of an individual athlete or participant in  
17 any single actual real-world sporting event.

18 (4) Ensure that any of following persons do not participate in fantasy sports  
19 contests:

20 (a) Athletes and individuals who participate in or officiate a game or  
21 competition that is the subject of a fantasy sports contest.

22 (b) Any sports agent, team employee, referee, or league official associated  
23 with a sport or athletic event.

24 (5) Verify that a fantasy sports contest player is twenty-one years of age or  
25 older.

26 (6) Provide fantasy sports contest players with access to information on  
27 responsible play.

28 (7) Provide fantasy sports contest players with access to the fantasy sports  
29 contest player's play history and account details.

30 (8) Allow individuals to restrict themselves from entering a fantasy sports  
31 contest upon request and provide reasonable steps to prevent the person entering  
32 fantasy sports contests offered by an operator.

33 (9) Segregate fantasy sports contest player funds from operational funds or  
34 maintain a reserve that exceeds the amount of player funds on deposit, which may  
35 not be used for operational activities. Reserve funds may take the form of cash, cash  
36 equivalents, payment process reserves, payment processor receivables, an  
37 irrevocable letter of credit, a bond, or a combination thereof, in the amount that must  
38 exceed the total balances of the fantasy sports contest players' accounts.

39 B. A fantasy sports contest operator shall not offer fantasy sports contests  
40 based on the performances of participants in high school or youth athletic events.

41 C. A fantasy sports contest operator shall not offer a fantasy sports contest  
42 to the general public that does not establish and make known all prizes and awards  
43 offered to winning participants in advance of the game or contest.

44 D. A licensed fantasy sports contest operator shall:

45 (1) Annually contract with a certified public accountant to conduct an  
46 independent audit that is consistent with the standards accepted by the American  
47 Institute of Certified Public Accountants.

48 (2) Submit to the board a copy of the audit report.

49 §309. Allowing underage persons to play fantasy sports contests; revocation hearing

50 A.(1) No person licensed pursuant to the provisions of this Chapter, or any  
51 agent or employee thereof, shall allow a person under the age of twenty-one years  
52 to be a fantasy sports contest player.

53 (2) No person licensed pursuant to the provisions of this Chapter, or any  
54 agent or employee thereof, shall allow a person to participate in a fantasy sports  
55 contest in a parish in which, at the election held pursuant to R.S. 27:303, a majority  
56 of the qualified electors in the parish voting on the proposition to authorize fantasy  
57 sports contests in the parish voted against the proposition.

58 B.(1) The person licensed pursuant to the provisions of this Chapter shall  
59 withhold all winnings from fantasy sports contest players who are determined to be  
60 under the age of twenty-one years and from fantasy sports contest players  
61 participating in a fantasy sports contest in a parish in which, at the election held

1 pursuant to R.S. 27:303, a majority of the qualified electors in the parish voting on  
2 the proposition to authorize fantasy sports contests in the parish voted against the  
3 proposition.

4 (2) The person licensed pursuant to the provisions of this Chapter shall each  
5 quarter report and remit to the division all winnings withheld from fantasy sports  
6 contest players pursuant to the provisions of this Section.

7 §310. Reporting of gaming proceeds

8 An operator shall periodically report the following information to the  
9 division, which is not confidential and shall be available for public inspection:

10 (1) The operator's gross fantasy sports contest revenues.

11 (2) The operator's net revenue.

12 (3) Quarterly and annual financial statements regarding their operations in  
13 Louisiana submitted to the division that present historical data, including annual  
14 financial statements that have been audited by an independent certified public  
15 accountant as required by R.S. 27:308(D).

16 §311. Investigations and violations

17 A. The division shall conduct such investigations, hearings, and inquiries as  
18 it deems necessary to fulfill its responsibilities under the provisions of this Chapter.  
19 A license may be suspended prior to a hearing upon a written finding of danger to  
20 public health and welfare.

21 B. As a condition of receiving a license under the provisions of this Chapter,  
22 each operator agrees that the division and its agents and employees shall have  
23 unrestricted access and the right to inspect any premises or electronic platform under  
24 the control of the operator in which any activity relating to the provisions of this  
25 Chapter is conducted.

26 §312. Limitation on active accounts; obligations to participants

27 An operator shall:

28 (1) Limit each authorized player to one active and continuously used account.

29 (2) Publish and facilitate parental control procedures to allow parents or  
30 guardians to exclude minors from access to any contest or platform. The procedures  
31 shall include a toll-free number to call for help in establishing such parental controls.

32 (3) Make clear conspicuous statements that are not inaccurate or misleading  
33 concerning the chances of winning and the number of winners when referencing the  
34 chances or likelihood of winning.

35 (4) Permit any authorized player to permanently close an account registered  
36 to the player, on any and all platforms supported by the operator or registrant, at any  
37 time and for any reason.

38 (5) Identify all highly experienced players in any contest by a symbol  
39 attached to the players' username, or by other visible means, on all platforms  
40 supported by the operator or registrant.

41 (6) Implement measures to protect the privacy and online security of  
42 authorized players, their account, and their personal financial information.

43 §313. Charging for inactive accounts

44 A. An operator shall not charge players for inactive accounts.

45 B. An operator shall charge players only for entry fees placed or contests  
46 entered. No player shall be charged for failure to enter on a fantasy sports contest  
47 or for failure to deposit certain amounts of cash or cash equivalent into any account.

48 Section 2. This Act shall become effective upon signature by the governor  
49 or, if not signed by the governor, upon expiration of the time for bills to become law  
50 without signature by the governor, as provided by Article III, Section 18 of the  
51 Constitution of Louisiana. If vetoed by the governor and subsequently approved by  
52 the legislature, this Act shall become effective on the day following such approval."