

2018 Regular Session

HOUSE BILL NO. 553

BY REPRESENTATIVES BARRAS, BAGNERIS, BILLIOT, BISHOP, JIMMY HARRIS, HOLLIS, LEGER, LEOPOLD, MARCELLE, MARINO, NORTON, REYNOLDS, AND TALBOT AND SENATORS BISHOP, CARTER, CHABERT, JOHNS, MARTINY, PETERSON, AND JOHN SMITH

GAMING/CASINO: Provides with respect to the casino operating contract

1 AN ACT

2 To amend and reenact R.S. 27:241(A), 241.1, 243(C), 247, and 270(A)(3), and Subpart P-1

3 of Part II-A of Chapter 1 of Subtitle I of Title 39 of the Louisiana Revised Statutes

4 of 1950, comprised of R.S. 39:100.81, relative to the land-based casino operating

5 contract; to provide relative to the duration of the primary contract term and the

6 duration of renewal terms; to authorize a renewal term of thirty years when certain

7 conditions are met; to provide relative to compensation paid to the Louisiana Gaming

8 Control Board; to provide for a specific amount to be paid to the Louisiana Gaming

9 Control Board and to provide for disposition and use of such monies; to provide for

10 the deposit of monies into certain special treasury funds; to provide with respect to

11 the Community Water Enrichment Fund; to provide relative to the contract and

12 payment for casino support services; to provide for a specific amount to be paid to

13 the governing authority for the parish where the official gaming establishment is

14 located for providing casino support services; to provide relative to the casino

15 gaming operator's authority to conduct and offer non-casino gaming activities and

16 operations; to provide for certain restrictions on certain non-casino gaming activities

17 including restaurants and hotels; to provide relative to a memorandum of

18 understanding and agreement between the casino gaming operator and the Greater

1 New Orleans Hotel and Lodging Association; to provide relative to a memorandum
2 of understanding and agreement between the casino gaming operator and the
3 Louisiana Restaurant Association; and to provide for related matters.

4 Be it enacted by the Legislature of Louisiana:

5 Section 1. R.S. 27:241(A), 241.1, 243(C), 247, and 270(A)(3) are hereby amended
6 and reenacted to read as follows:

7 §241. Board to let contract to conduct casino gaming operations; bid specifications;
8 compensation of casino gaming operator; contract renewal

9 A.(1) Notwithstanding any provision of law to the contrary, the board of
10 directors shall publicly advertise, offer, and let, in accordance with the provisions of
11 this Chapter, a contract to conduct casino gaming operations at a single official
12 gaming establishment to be located upon the site of the Rivergate Convention Center
13 in Orleans Parish. The initial term of the contract and any option to extend or renew
14 the initial term of the contract may not exceed a total of twenty years primary term
15 and one ten-year renewal option except as provided in this Subsection. The contract
16 or renewal option to conduct casino operations shall not be subject to sale, alienation,
17 assignment, or transfer by the casino gaming operator except as provided for in this
18 Chapter.

19 (2)(a) Notwithstanding any law to the contrary, upon meeting the
20 requirements of Subparagraph (b) of this Paragraph and upon a showing that
21 additional renewals of the casino operating contract will benefit the economy of the
22 state, encourage the continued growth of tourism, and promote the stability of casino
23 operations at the land-based casino, and subject to the approval of any change in
24 terms of the casino operating contract by the Joint Legislative Committee on the
25 Budget, the Louisiana Gaming Control Board may approve and enter into additional
26 thirty-year renewal terms of the casino operating contract, in addition to the initial
27 term and the ten-year renewal term, subject to compliance with the provisions of this
28 Chapter.

1 **(b) The casino gaming operator shall make a capital investment on or around**
2 **the official gaming establishment of three hundred fifty million dollars**
3 **(\$350,000,000).**

4 **(3) The first thirty-year renewal term, extending the casino operating**
5 **contract to July of 2054, shall contain provisions that do all of the following:**

6 **(a) As provided in R.S. 27:247, require the casino gaming operator to**
7 **annually pay directly to the governing authority of the parish where the official**
8 **gaming establishment is located a sum of money as set forth in R.S. 27:247 to**
9 **compensate the parish for the cost to the parish for providing support services**
10 **resulting from the operation of the official gaming establishment and activities**
11 **therein.**

12 **(b) As provided in R.S. 27:241.1(B), require the casino gaming operator to**
13 **annually pay to the Louisiana Gaming Control Board a sum of money as set forth in**
14 **R.S. 27:241.1(B), in addition to the existing obligation to remit to the Louisiana**
15 **Gaming Control Board any fees or compensation, including compensation paid to**
16 **the Louisiana Gaming Control Board pursuant to R.S. 27:241.1(A).**

17 * * *

18 §241.1. Minimum compensation payments; effective March 31, 2001; payments
19 beginning August 1, 2018, and August 1, 2023

20 A. Notwithstanding the provisions of R.S. 27:241(C) or any other law to the
21 contrary, effective midnight March 31, 2001, the minimum compensation to be paid
22 by the casino operator to the Louisiana Gaming Control Board shall be the greater
23 of: (i) eighteen and one-half percent of gross revenues or (ii) fifty million dollars for
24 the casino fiscal year April 1, 2001 through March 31, 2002 and sixty million dollars
25 for each casino fiscal year thereafter, to be allocated as provided in R.S.
26 27:270(A)(3)(b).

27 B.(1) In addition to any existing obligation to remit to the Louisiana Gaming
28 Control Board any fees or compensation, including compensation paid to the
29 Louisiana Gaming Control Board pursuant to the provisions of this Section,

1 beginning on August 1, 2018, and continuing throughout the term of the casino
2 operating contract, the casino gaming operator shall annually pay to the Louisiana
3 Gaming Control Board the sum of money set forth in Paragraph (2) of this
4 Subsection.

5 (2)(a) Except as provided in Subparagraph (b) of this Paragraph, beginning
6 on August 1, 2018, the payment required by Paragraph (1) of this Subsection shall
7 be equal to three million four hundred thousand dollars (\$3,400,000).

8 (b) Beginning on August 1, 2023, the amount set forth in Subparagraph (a)
9 of this Paragraph shall be adjusted by a rate that is the lesser of two percent or the
10 Consumer Price Index, United States city average for all urban customers (CPI-U),
11 as prepared by the United States Department of Labor, Bureau of Labor Statistics for
12 the two calendar years immediately preceding the adjustment, with adjustments
13 being made to this amount in the same manner every two years thereafter.

14 * * *

15 §243. Requirements for casino operating contract

16 * * *

17 C. ~~As to~~ Beginning August 1, 2018, the casino gaming operator is authorized
18 to conduct the following non-casino related activities at the official gaming
19 establishment or at another location subject to the requirements set forth in
20 Paragraphs (1), (2), and (3) of this Subsection:

21 (1) The casino gaming operator:

22 ~~(a) May directly offer a single restaurant facility with table food within the~~
23 ~~official gaming establishment, provided that the seating does not exceed one hundred~~
24 ~~fifty seats.~~

25 ~~(b) May directly offer limited cafeteria style food services for employees and~~
26 ~~patrons provided that seating for patrons shall be limited to four hundred seats and~~
27 ~~further that any such seating shall be used only for buffet seating.~~

28 ~~(c) May directly cater events within the official gaming establishment~~
29 ~~provided that such catering on the second floor of the facility shall be limited to~~

1 ~~targeted persons identified in Subparagraph (g) of this Paragraph, and provided~~
2 ~~further that the casino gaming operator shall permit persons contracting a catered~~
3 ~~event the option of using outside caterers.~~

4 ~~(d) May lease space on the second floor of the official gaming establishment~~
5 ~~to unaffiliated third parties that shall be permitted to operate no more than two~~
6 ~~restaurants with seating for no more than three hundred fifty persons, in the~~
7 ~~aggregate.~~

8 ~~(e) May directly operate non-casino related businesses on the second floor~~
9 ~~of the casino provided that, other than as provided in Subparagraph (c) of this~~
10 ~~Paragraph, any food for such operation shall be purchased or catered by a third party~~
11 ~~restaurateur or food preparer with purchases at fair market value.~~

12 ~~(f) May lease space to third parties that may operate non-casino related~~
13 ~~businesses on the second floor of the official gaming establishment provided that the~~
14 ~~primary purpose of such business is not a restaurant which shall require that no more~~
15 ~~than thirty-five percent of the revenues of such business shall be derived from the~~
16 ~~sale of food.~~

17 ~~(g) May not offer or advertise complimentary or discounted food offerings~~
18 ~~to the general public within a fifty-mile radius of the official gaming establishment~~
19 ~~and within Louisiana, but may, nonetheless, offer and advertise complimentary or~~
20 ~~discounted food offerings to: (i) a patron that is a member of a customer reward~~
21 ~~system or otherwise maintained on a data base; (ii) a known "high roller" or patrons~~
22 ~~on a junket with established play at the casino or with other casinos; (iii) a person~~
23 ~~that, based upon observed win or loss levels, is eligible to obtain discounted or full~~
24 ~~complimentary food offerings; (iv) a targeted prospective customer outside a fifty-~~
25 ~~mile radius of the official gaming establishment or not within the state, provided that~~
26 ~~no advertising of complimentary or discounted food offerings for such persons shall~~
27 ~~be disseminated to the general public such as on billboards or in the print media; (v)~~
28 ~~a person that has suffered a service error that results in complimentary or discounted~~
29 ~~food offerings to rectify the error in service; or (vi) a vendor or other person visiting~~

1 ~~the official gaming establishment for business or educational purposes. In no event~~
2 ~~shall the casino gaming operator prospect for new customers in this state and within~~
3 ~~a fifty-mile radius of the official gaming establishment through use of~~
4 ~~complimentary or discounted food offerings disseminated through any advertising~~
5 ~~media whether newspaper, television, direct mail, coupons, or billboards.~~

6 ~~(h) May lease space to area restaurant owners and food preparers who may~~
7 ~~offer to provide for food service in a kiosk area, in the official gaming establishment~~
8 ~~provided that all seating for any kiosk area or areas shall be limited to an aggregate~~
9 ~~of one hundred seats which shall be used only for kiosk seating.~~

10 ~~(i) May~~ may have a meeting space for parties, VIP events, and the like but
11 shall not rent business meeting space for business seminars and training associated
12 with the sale or purchase of rentable units, unless such rentable units are rented at the
13 rates established as provided in Subparagraph (C)(2)(b).

14 (2) The casino gaming operator, on its own or through an affiliate, shall not
15 provide lodging, except that the casino gaming operator may own or operate ~~offsite~~
16 ~~lodging, which may be physically connected to the official gaming establishment,~~
17 ~~subject to the following conditions:~~ at or in the vicinity of the official gaming
18 establishment consistent with the following conditions and any agreement between
19 the casino gaming operator and the Greater New Orleans Hotel and Lodging
20 Association and its predecessors, as such agreement may be amended from time to
21 time:

22 (a) There shall be no more than four hundred fifty rentable units, and not
23 more than fifteen thousand square feet of meeting space if a hotel is newly
24 constructed or twenty thousand square feet if an existing hotel is purchased or leased
25 that contains such space, from April 1, 2001 to March 31, 2005, provided that after
26 March 31, 2005, additional rentable units may be owned or operated with additional
27 meeting space, only in accordance with any agreement for such increases entered
28 into by and between the casino gaming operator and the Greater New Orleans Hotel-

1 Motel Association and its successors, as such agreement may be amended from time
2 to time.

3 (b) Except as provided in Subparagraph (c) of this Paragraph and Paragraph
4 (3)(a) of this Subsection, the casino gaming operator shall not advertise room rates
5 to the general public at below market rates. The casino gaming operator shall base
6 room rates on average seasonal rates for the preceding year of hotels located in the
7 Central Business District and French Quarter of the parish of the official gaming
8 establishment as compiled by a nationally recognized firm that compiles data on
9 room rates for such parish.

10 (c) The casino gaming operator shall not offer complimentary or discounted
11 hotel offerings to the general public, but may, nonetheless, offer complimentary or
12 discounted hotel offerings to: (i) a patron that is a member of the casino gaming
13 operator's or manager's customer reward system or otherwise maintained on the
14 casino gaming operator's or manager's data base; (ii) a known "high roller" or patrons
15 on a junket with established play at the official gaming establishment or with other
16 casinos; (iii) a person that, based upon observed win or loss levels at the casino, is
17 eligible to a discount or full complimentary offerings; (iv) a targeted prospect outside
18 a fifty-mile radius of the official gaming establishment, or not within the state; (v)
19 a person that has suffered a service error that results in a complimentary rate or
20 discount to rectify the error in service; or (vi) a vendor or other person visiting the
21 casino for business or educational purposes.

22 (d) The casino gaming operator shall not advertise to the general public,
23 which does not include those individuals specified in Items (c)(i) through (vi) of this
24 Paragraph, complimentary or discounted hotel rates; however, the casino gaming
25 operator may advertise rooms rented at the rates established in Subparagraph (b) of
26 this Paragraph on billboards outside a fifty-mile radius of the official gaming
27 establishment or on billboards outside of Louisiana. The casino gaming operator
28 may otherwise prospect for new customers through advertising media so long as the

1 pricing for rooms is consistent with the rate structure as set forth in Subparagraph (b)
2 of this Paragraph.

3 ~~(e)~~(3)(a) The casino gaming operator is subject to the requirements of a
4 memorandum of understanding and agreement entered into with the Greater New
5 Orleans Hotel and Lodging Association dated March 2018, which may include an
6 authorization to provide an agreed upon number of additional hotel rooms at a new
7 hotel site, and a memorandum of understanding and agreement entered into with the
8 Louisiana Restaurant Association dated March 2018. Any action related to the
9 enforcement of the memoranda of understanding and agreements shall be instituted
10 in the Civil District Court for the Parish of Orleans. The Louisiana Gaming Control
11 board shall retain jurisdiction over the casino gaming operator's compliance with the
12 provisions of this Chapter and any regulations or rules adopted by the Louisiana
13 Gaming Control Board.

14 (b) Among other things, the memorandum of understanding and agreement
15 with the Greater New Orleans Hotel and Lodging Association dated March 2018,
16 shall provide for the following:

17 (i) Only for those additional rooms authorized by the memorandum of
18 understanding and agreement dated March 2018, advertising of market rates shall be
19 based on average seasonal rates for the preceding year of luxury hotels in the Central
20 Business District, French Quarter, and Warehouse District of the City of New
21 Orleans, as compiled by a nationally recognized firm.

22 (ii) For rooms existing prior to August 1, 2018, ~~Room~~ room taxes shall be
23 paid by the casino gaming operator on all discounted and complimentary rooms to
24 be paid at the applicable tax rates based upon average seasonal rates for the
25 preceding year of hotels in the Central Business District; and French Quarter of the
26 ~~parish of the official gaming establishment~~ City of New Orleans, as compiled by a
27 nationally recognized firm. Only for those additional hotel rooms authorized by the
28 memorandum of understanding and agreement dated March 2018, room taxes shall
29 be paid by the casino gaming operator on all discounted and complimentary rooms

1 to be paid at the applicable tax rates based upon average seasonal rates for the
 2 preceding year of luxury hotels in the Central Business District, French Quarter, and
 3 Warehouse District of the City of New Orleans, as compiled by a nationally
 4 recognized firm.

5 ~~(3)~~(4) The casino gaming operator shall not engage in such activities as are
 6 prohibited by the casino operating contract.

7 * * *

8 §247. Casino support services ~~contract~~; Casino Support Services Fund

9 ~~A. Subject to and in accordance with the provisions of this Chapter, the~~
 10 ~~gaming control board shall enter into a casino support services contract with the~~
 11 ~~governing authority of the parish where the official gaming establishment is located~~
 12 ~~in order to compensate the parish for the cost to the parish for providing support~~
 13 ~~services resulting from the operation of the official gaming establishment and the~~
 14 ~~activities therein. Support services as used in this Section shall include but not be~~
 15 ~~limited to fire, police, sanitation, health, transportation, and traffic services. The~~
 16 ~~amount of the contract shall be determined by negotiation and agreement between~~
 17 ~~the gaming control board and the parish, subject to approval by the Joint Legislative~~
 18 ~~Committee on the Budget. In the event that a new contract is not agreed upon by the~~
 19 ~~gaming control board and the parish by March thirty-first of any year, the contract~~
 20 ~~currently in effect shall be submitted to the Joint Legislative Committee on the~~
 21 ~~Budget for approval of the amount of the contract at the next meeting of the~~
 22 ~~committee. If the committee approves the amount of the contract the chairman shall~~
 23 ~~notify the treasurer of the amount of the contract and, the contract shall remain in full~~
 24 ~~force and effect. If the committee disapproves or does not act upon the amount of~~
 25 ~~the contract, the contract shall be null, void, and of no effect and the treasurer shall~~
 26 ~~be prohibited from depositing monies into the Casino Support Services Fund.~~

27 ~~B.(1) There is hereby created in the state treasury, as a special fund, the~~
 28 ~~Casino Support Services Fund, hereinafter referred to as the "fund", to provide~~

1 compensation to the parish governing authority pursuant to a casino support services
2 contract executed pursuant to Subsection A of this Section.

3 ~~(2) Monies in the fund shall be invested in the same manner as monies in the~~
4 ~~general fund. Interest earned on investment of monies in the fund shall be credited~~
5 ~~to the fund. Unexpended and unencumbered monies in the fund at the end of the~~
6 ~~fiscal year shall remain in the fund.~~

7 ~~C. Monies in the fund shall be appropriated to the parish governing authority~~
8 ~~and used to compensate the parish for its costs for providing support services~~
9 ~~resulting from the operation of the official gaming establishment and the activities~~
10 ~~therein.~~

11 A. Beginning on August 1, 2018, and continuing throughout the term of the
12 casino operating contract, the casino gaming operator shall annually pay directly to
13 the governing authority of the parish where the official gaming establishment is
14 located, the sum of money set forth in Subsection B of this Section to compensate
15 the parish for the cost to the parish for providing support services resulting from the
16 operation of the official gaming establishment and activities therein.

17 B.(1) Except as provided in Paragraph (2) of this Subsection, beginning on
18 August 1, 2018, the annual payment required by Subsection A of this Section shall
19 be equal to three million six hundred thousand dollars (\$3,600,000), payable in
20 quarterly installments.

21 (2) Beginning on August 1, 2023, the amount set forth in Paragraph (1) of
22 this Subsection shall be adjusted by a rate that is the lesser of two percent or the
23 Consumer Price Index, United States city average for all urban customers (CPI-U),
24 as prepared by the United States Department of Labor, Bureau of Labor Statistics for
25 the two calendar years immediately preceding the adjustment, with adjustments
26 being made to this amount in the same manner every two years thereafter.

27 * * *

CODING: Words in ~~struck through~~ type are deletions from existing law; words underscored are additions.

1 §270. Deposit of revenues; expenditures and investments authorized; transfer of
2 revenues to state treasury; corporation operating account; audit of
3 corporation books and records; audits

4 A.

5 * * *

6 (3)(a) Daily, the corporation shall transfer to the state treasury for deposit
7 into certain funds in the treasury, as provided in this Paragraph, the amount of net
8 revenues which the corporation determines are surplus to its needs. After first being
9 credited to the Bond Security and Redemption Fund in accordance with Article VII,
10 Section 9(B) of the Constitution of Louisiana, and after satisfying any other
11 requirements of the Constitution and laws of Louisiana, such net revenues shall be
12 allocated and deposited as follows:

13 ~~(i) In each year for which the Joint Legislative Committee on the Budget~~
14 ~~disapproves or does not act upon the amount of the casino support services contract~~
15 ~~as provided in R.S. 27:247 and no monies are deposited in and credited to the Casino~~
16 ~~Support Services Fund: provided in this Paragraph.~~

17 (b)(i) Beginning August 1, 2018, if the amount received pursuant to R.S.
18 27:241.1(A) is sixty million dollars or less, the amount received shall be allocated
19 as follows:

20 (aa) Ten percent shall be deposited in and credited to the Support Education
21 in Louisiana First Fund as provided in R.S. 17:421.7 and shall be used solely and
22 exclusively for the same purposes provided for in Paragraph (B)(1) of that Section.

23 (bb) Ninety percent shall be deposited in and credited to the Support
24 Education in Louisiana First Fund as provided in R.S. 17:421.7.

25 ~~(ii) In each year for which the Joint Legislative Committee on the Budget~~
26 ~~approves the amount of the casino support services contract as provided in R.S.~~
27 ~~27:247:~~

28 ~~(aa) The first one million eight hundred thousand dollars shall be deposited~~
29 ~~in and credited to the Casino Support Services Fund.~~

1 ~~(bb) The next sixty million dollars shall be deposited in and credited to the~~
2 ~~Support Education in Louisiana First Fund as provided in R.S. 17:421.7.~~

3 ~~(cc) After satisfying the requirements of Subitems (aa) and (bb) of this Item,~~
4 ~~monies shall be deposited into the Casino Support Services Fund until the casino~~
5 ~~support services contract is fully funded for that year.~~

6 ~~(dd) After satisfying the requirements of Subitem (cc) of this Item, the~~
7 ~~remainder of the monies shall be deposited in and credited to the Support Education~~
8 ~~in Louisiana First Fund as provided for in R.S. 17:421.7.~~

9 (ii) Beginning August 1, 2018, if the amount received pursuant to R.S.
10 27:241.1(A) is greater than sixty million dollars, after satisfaction of the
11 requirements of Item (i) of this Subparagraph, all residual monies shall be allocated
12 in the following order:

13 (aa) Three million six hundred thousand dollars shall be deposited in and
14 credited to the Louisiana Early Childhood Education Fund established under R.S.
15 17:407.30.

16 (bb) Of the monies remaining after satisfaction of the requirements of
17 Subitem (aa) of this Item, thirty percent shall be distributed by the state treasurer to
18 the governing authority of the parish in which the official gaming establishment is
19 located for use in support of capital infrastructure projects, and seventy percent shall
20 be deposited in and credited to the Community Water Enrichment and Other
21 Improvements Fund established under R.S. 39:100.81.

22 ~~(b)(c)~~ Net revenues or proceeds shall be determined by deducting from gross
23 corporation revenues the necessary expenses incurred by the corporation in the
24 operation and administration of the casino gaming operations. This shall include the
25 expenses of the corporation, the expenses resulting from any contract or contracts
26 entered into for ordinary and customary business services rendered to the
27 corporation, and the amount required to be transferred to the state treasury pursuant
28 to Paragraph (2) of this Subsection.

29 * * *

1 Section 2. Subpart P-1 of Part II-A of Chapter 1 of Subtitle I of Title 39 of the
2 Louisiana Revised Statutes of 1950, comprised of R.S. 39:100.81, is hereby amended and
3 reenacted to read as follows:

4 SUBPART P-1. COMMUNITY WATER ENRICHMENT AND OTHER
5 IMPROVEMENTS FUND

6 §100.81. Community Water Enrichment and Other Improvements Fund

7 A. There is hereby created in the state treasury, as a special fund, the
8 Community Water Enrichment and Other Improvements Fund, hereinafter referred
9 to as the "fund". The fund shall consist of two accounts: the Water System
10 Enrichment Account and the Other Improvements Account. Subject to appropriation
11 by the legislature, monies in the ~~fund~~ Water System Enrichment Account shall be
12 used solely to fund rehabilitation, improvement, and construction projects for
13 community water systems to provide drinking water to Louisiana's small rural
14 communities. Subject to appropriation by the legislature monies in the Other
15 Improvements Account shall be used by the office of community development solely
16 to provide for a grants program for local governments to assist with capital,
17 infrastructure, and other projects.

18 B. The fund shall consist of monies deposited annually pursuant to R.S.
19 27:270(A)(3)(b)(ii)(bb), with fifty percent to be deposited in and credited to the
20 Water System Enrichment Account and fifty percent to be deposited in and credited
21 to the Other Improvements Account. Further, the fund shall also consist of any other
22 monies appropriated, allocated, or transferred to the fund. Monies in the fund shall
23 be invested in the same manner as monies in the state general fund. Interest earned
24 on investment of monies in the fund shall be credited to the fund. Unexpended and
25 unencumbered monies in the fund at the end of the fiscal year shall remain in the
26 fund.

27 Section 3. On the effective date of this Act, the state treasurer shall transfer all
28 monies in the Community Water Enrichment Fund at the close of the prior business day for

- 1 a one-time deposit and credit to the Water System Enrichment Account within the
2 Community Water Enrichment and Other Improvements Fund.
-

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 553 Reengrossed

2018 Regular Session

Barras

Abstract: Provides relative to the casino operating contract for the official gaming establishment located in Orleans Parish and the renewal of such contract.

The present law Louisiana Economic Development and Gaming Corporation Act provides for the creation of the Louisiana Economic Development and Gaming Corporation, the ownership interest of which is vested in the state, which is empowered to enter into contracts for the conducting of casino gaming operations at a single official gaming establishment in Orleans Parish. Pursuant to present law, effective May 1, 1996, the Louisiana Gaming Control Board assumed control of the affairs of the Louisiana Economic Development and Gaming Corporation and all powers, duties, functions, responsibilities, and obligations associated therewith.

Under present law, the term of the contract and any option to extend or renew may not exceed a total of 20 years primary term and one ten-year renewal option.

Proposed law amends present law to authorize the Louisiana Gaming Control Board to enter into additional 30-year renewal terms of the casino operating contract, in addition to the initial 20-year term and the one ten-year renewal term, upon all of the following:

- (1) The casino gaming operator making a capital investment on or around the official gaming establishment of \$350,000,000.
- (2) A showing that additional renewals of the casino operating contract will benefit the economy of the state, encourage the continued growth of tourism, and promote the stability of casino operations at the land-based casino.
- (3) Approval by the Joint Legislative Committee on the Budget of any change in terms of the casino operating contract.

Proposed law requires the first 30-year renewal term which extends the casino operating contract to July of 2054, to contain provisions that do all of the following:

- (1) Require the casino gaming operator to annually pay directly to the governing authority of the parish where the official gaming establishment is located a sum of money, set forth in the provisions of proposed law, to compensate the parish for the cost to the parish for providing support services resulting from the operation of the official gaming establishment and activities therein.

In this regard, present law requires the La. Gaming Control Board to enter into a contract for casino support services (including but not limited to fire, police, sanitation, health, transportation, and traffic services) with the governing authority of the parish where the official gaming establishment is located in order to compensate the parish for the cost to the parish for providing support services resulting from the operation of the official gaming establishment and the activities therein. The amount of the contract is determined by negotiation and agreement

between the La. Gaming Control Board and the parish, subject to approval by the Joint Legislative Committee on the Budget, and is paid from the Casino Support Services Fund, specifically created for this purpose.

Proposed law amends present law to repeal the procedure by which the La. Gaming Control Board pays the governing authority according to the negotiated casino support services contract, and instead provides that beginning on Aug. 1, 2018, the casino gaming operator shall annually pay the governing authority directly to compensate the parish for providing support services. Beginning Aug. 1, 2018, the annual payment, payable in quarterly installments, shall be equal to \$3,600,000. Beginning on Aug. 1, 2023, this amount shall be adjusted by a rate that is the lesser of two percent or the Consumer Price Index, United States city average for all urban customers (CPI-U), as prepared by the United States Department of Labor, Bureau of Labor Statistics for the two calendar years immediately preceding the adjustment, with adjustments being made to this amount in the same manner every two years thereafter.

- (2) Require the casino gaming operator to annually pay to the Louisiana Gaming Control Board a sum of money as set forth in the provisions of proposed law, in addition to the existing present law obligations to remit to the Louisiana Gaming Control Board any fees or compensation.

In this regard, present law (R.S. 27:241.1) provides that effective midnight Mar. 31, 2001, the minimum compensation to be paid by the casino operator to the La. Gaming Control Board shall be the greater of: (i) eighteen and one-half percent of gross revenues or (ii) \$50,000,000 for the casino fiscal year April 1, 2001 through March 31, 2002 and \$60,000,000 for each casino fiscal year thereafter.

Proposed law retains present law and provides that, beginning Aug. 1, 2018, in addition to this existing obligation, the casino gaming operator shall annually pay to the La. Gaming Control Board the sum of money equal to \$3,400,000. Beginning on Aug. 1, 2023, this amount shall be adjusted by a rate that is the lesser of two percent or the Consumer Price Index, United States city average for all urban customers (CPI-U), as prepared by the United States Department of Labor, Bureau of Labor Statistics for the two calendar years immediately preceding the adjustment, with adjustments being made to this amount in the same manner every two years thereafter.

Present law authorizes the casino gaming operator to operate and conduct certain non-casino gaming activities such as restaurants, cafeteria style food services, catering, special events, and leasing of space at the establishment for certain specified purposes including but not limited to business meetings for outside entities, special events, and parties. Present law further provides certain restrictions on the casino gaming operator relative to such operations and activities, including restrictions on pricing and advertising.

Present law authorizes the casino gaming operator to own or operate offsite lodging which may be physically connected to the official gaming establishment subject to certain conditions and restrictions on the number of rentable units, square footage, advertising, and pricing.

Proposed law amends provisions of present law to provide that beginning Aug. 1, 2018, the casino gaming operator is authorized to conduct certain non-casino related activities at the official gaming establishment or at another location subject to certain requirements as follows:

- (1) The casino gaming operator may have a meeting space for parties, VIP events, and the like but shall not rent business meeting space for business seminars and training associated with the sale or purchase of rentable units, unless such rentable units are

- rented at the rates based on average seasonal rates for the preceding year of hotels located in the Central Business District and French Quarter of Orleans Parish as compiled by a nationally recognized firm that compiles data on room rates for such parish.
- (2) The casino gaming operator, on its own or through an affiliate, shall not provide lodging, except that the casino gaming operator may own or operate lodging at or in the vicinity of the official gaming establishment consistent with both of the following:
- (a) Certain conditions provided by proposed law relative to room rates, complimentary and discounted hotel offerings, and advertising.
 - (b) Any agreement between the casino gaming operator and the Greater New Orleans Hotel and Lodging Association and its predecessors, as such agreement may be amended from time to time.
- (3) The casino gaming operator is subject to the requirements of a memorandum of understanding (MOU) and agreement entered into with the Greater New Orleans Hotel and Lodging Association dated March 2018, which may include an authorization to provide an agreed upon number of additional hotel rooms at a new hotel site, and a MOU and agreement entered into with the La. Restaurant Association dated March 2018.

In this regard, proposed law provides:

- (a) Any action related to the enforcement of the memoranda of understanding and agreement shall be instituted in the Civil District Court for the Parish of Orleans; and the La. Gaming Control board shall retain jurisdiction over the casino gaming operator's compliance with the provisions of present and proposed law and any regulations or rules adopted by the La. Gaming Control Board.
- (b) The memorandum of understanding and agreement with the Greater New Orleans Hotel and Lodging Association dated March 2018, shall provide for certain restrictions specified in proposed law, relative to advertising of market rates and room taxes, that apply only to the additional rooms authorized by the MOU and agreement.

Present law requires the corporation, on a daily basis, to transfer to the state treasury for deposit into certain funds in the treasury the amount of net revenues which the corporation determines are surplus to its needs. Further provides that such net revenues shall be deposited as follows:

- (1) In each year for which the Joint Legislative Committee on the Budget disapproves or does not act upon the amount of the casino support services contract, no monies are deposited in and credited to the Casino Support Services Fund:
 - (a) 10% shall be deposited in and credited to the Support Education in Louisiana First Fund and used solely and exclusively for specific purposes provided in present law.
 - (b) 90% shall be deposited in and credited to the Support Education in Louisiana First Fund.
- (2) In each year for which the Joint Legislative Committee on the Budget approves the amount of the casino support services contract:

- (a) The first \$1,800,000 shall be deposited in and credited to the Casino Support Services Fund.
- (b) The next \$60,000,000 shall be deposited in and credited to the Support Education in Louisiana First Fund.
- (c) After satisfying the requirements of paragraphs (a) and (b) above, monies shall be deposited into the Casino Support Services Fund until the casino support services contract is fully funded for that year.
- (d) After satisfying the requirements of paragraph (c) above, the remainder of the monies shall be deposited in and credited to the Support Education in Louisiana First Fund.

In this regard, proposed law amends present law to provide for the allocation and distribution of such net revenues as follows:

- (1) Beginning Aug. 1, 2018, if the amount received pursuant to present law (R.S. 27:241.1(A)) is \$60,000,000 or less per fiscal year, the amount received shall be allocated as follows:
 - (a) 10% shall be deposited in and credited to the Support Education in Louisiana First Fund and used solely and exclusively for purposes provided in present law.
 - (b) 90% shall be deposited in and credited to the Support Education in Louisiana First Fund.
- (2) Beginning Aug. 1, 2018, if the amount received pursuant to present law (R.S. 27:241.1(A)) is greater than \$60,000,000 per fiscal year, after satisfaction of the requirements of paragraph (1) above, all residual monies shall be allocated in the following order:
 - (a) \$3,600,000 shall be deposited in and credited to the Louisiana Early Childhood Education Fund.
 - (b) Of the monies remaining after satisfaction of the requirements of paragraph (a) above, 30% shall be distributed by the state treasurer to the governing authority of the parish in which the official gaming establishment is located for use in support of capital infrastructure projects, and 70% shall be deposited in and credited to the Community Water Enrichment and Other Improvements Fund as the fund is amended by proposed law.

In this regard, proposed law changes the present law "Community Water Enrichment Fund" to the "Community Water Enrichment and Other Improvements Fund" to be comprised of two accounts, the Water System Enrichment Account and the Other Improvements Account, with each account receiving 50% of the monies deposited from the portion of the net revenues allocated to the Community Water Enrichment and Other Improvements Fund as provided by proposed law. Further provides that monies in the Other Improvements Account shall be used by the office of community development solely to provide for a grants program for local governments to assist with capital, infrastructure, and other projects.

In this regard, proposed law requires the state treasurer, on the effective date of proposed law, to transfer all monies in the Community Water Enrichment Fund at the close of the prior business day for a one-time deposit and credit to the Water System Enrichment Account as created by proposed law.

(Amends R.S. 27:241(A), 241.1, 243(C), 247, and 270(A)(3) and R.S. 39:100.81)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Administration of Criminal Justice to the original bill:

1. Amend proposed law to provide that the memorandum of understanding between the casino gaming operator and the Greater New Orleans Hotel and Lodging Association dating March 2018 may include, instead of shall include, an authorization to provide an agreed upon number of additional hotel rooms at a new hotel site.
2. Specify that any action related to the enforcement of memoranda of understanding and agreements shall be instituted in the Civil District Court for the Parish of Orleans.
3. Add changes to provisions of present law which provides for the distribution of certain net revenues into specific funds and which provides for the procedure by which the amount allocated to each fund is determined.

The House Floor Amendments to the engrossed bill:

1. Require the casino gaming operator to make a capital investment of \$350,000,000 prior to the board's approval of the first additional 30-year renewal term and remove the capital investment from the list of required elements of the first thirty-year renewal term contract.
2. Provide that adjustments to the amount paid to the La. Gaming Control Board by the casino gaming operator and the amount paid for casino support services shall be made every two years, instead of every five years.
3. Make changes to the provisions of proposed law which provide for the distribution of certain funds to increase the percentage of funds allocated to the Community Water Enrichment and Other Improvements Fund from 50% to 70% and to decrease the percentage of funds allocated to the governing authority of the parish in which the official gaming establishment is located from 50% to 30%.