

2019 Regular Session

HOUSE BILL NO. 459

BY REPRESENTATIVE TALBOT

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

GAMING: Provides relative to fantasy sports contests

1 AN ACT

2 To amend and reenact R.S. 27:302 and to enact R.S. 27:306, 307, and 308, relative to  
3 fantasy sports contests; to provide relative to the Louisiana Fantasy Sports Contests  
4 Act; to provide for definitions; to provide for the licensing and suitability of fantasy  
5 sports contest operators; to provide relative to the issuance or denial of licenses; and  
6 to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 27:302 is hereby amended and reenacted and R.S. 27:306, 307, and  
9 308 are hereby enacted to read as follows:

10 §302. Definitions

11 For purposes of this Chapter:

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

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

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

1           ~~(2)~~(4) "Fantasy sports contest" means any fantasy or simulation sports game  
2 or contest played through the internet or mobile device with all of the following  
3 elements:

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

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

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

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

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

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

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

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

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

28          (8) "Location percentage" means, for each fantasy sports contest, the  
29 percentage rounded to the nearest tenth of a percent of the total of entry fees

1 collected from fantasy sports contest players located in the state of Louisiana,  
2 divided by the total entry fees collected from such players participating in fantasy  
3 sports contests.

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

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8 §306. Licensing of fantasy sports contest operators

9 A. No fantasy sports contest operator shall offer any fantasy sports contest  
10 in this state without first being licensed by the board. Applications for licensure  
11 shall be on forms provided by the board.

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

14 (1) Be authorized to transact business in this state; and

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

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

22 §307. Issuance or denial of license

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

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

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

1        §308. License Requirements

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

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

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

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

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

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

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

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

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

26          (7) Provide fantasy sports contest players with access to information on  
27        seeking assistance regarding compulsive or problem gambling.

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

1           (9) Allow individuals to restrict themselves from entering a fantasy sports  
2           contest upon request and provide reasonable steps to prevent the person entering  
3           fantasy sports contests offered by an operator.

4           (10) Disclose the limit on the number of entries that a fantasy sports contest  
5           player may submit in a fantasy sports contest and provide reasonable steps to prevent  
6           players from submitting more than the limit.

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

13           (12) Provide that fantasy sports contests are required to be conducted in a  
14           venue where the fantasy sports contest player must be at least twenty-one years of  
15           age.

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

18           C. A fantasy sports contest operator may not offer a fantasy sports contest  
19           to the general public that does not establish and make known all prizes and awards  
20           offered to winning participants in advance of the game or contest.

21           D. A licensed fantasy sports contest operator shall:

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

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

26           Section 2. This Act shall become effective upon signature by the governor or, if not  
27           signed by the governor, upon expiration of the time for bills to become law without signature  
28           by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If

- 1 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
 2 effective on the day following such approval.

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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)]

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HB 459 Reengrossed

2019 Regular Session

Talbot

**Abstract:** Provides relative to the regulation of fantasy sports contests in this state.

Present law provides for the "Louisiana Fantasy Sports Contests Act", which called for a proposition election held on November 6, 2018, to determine whether fantasy sports contests were to be permitted in a particular parish.

Present law provides for a definition of "fantasy sports contests", which means any fantasy or simulation sports game or contest played through the internet or mobile device with all of the following elements:

- (1) Participants create a simulation sports team based on the current membership of actual amateur or professional sports organizations.
- (2) 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.
- (3) 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.
- (4) No winning outcome is based on either of the following:
  - (a) On the score, point-spread, or any performance or performances of any single real-world team or any combination of such teams.
  - (b) Solely on any single performance of an individual athlete in any single real-world sporting or other event.

Proposed law retains present law and adds definitions for the terms "confidential information", "entry fee", "fantasy sports contest operator", "fantasy sports contest player", "gross fantasy sports contests revenues", "location percentage", and "net revenue".

Proposed law requires a fantasy sports contest operator to be licensed by the La. Gaming Control Board.

Proposed law provides that a fantasy sports contest operator must:

- (1) Be authorized to transact business in this state.
- (2) Demonstrate to the La. Gaming Control Board that the operator is suitable for licensing pursuant to present law (R.S. 27:28).

Proposed law provides that any fantasy sports contest operator that allows its license to lapse, without requesting an extension of time to file for a renewal, is required to resubmit an initial application for licensure.

Proposed law requires the board to issue or deny a fantasy sports contest operator's license within 60 days of receipt of application for licensure. Provides that the board shall provide an operator with specific reasons if a license is not issued.

Proposed law provides that as a condition of licensure, a fantasy sports contest operator is required to submit evidence to the board that the operator has established and will implement certain commercially reasonable procedures for fantasy sports contests which include but are not limited to:

- (1) The verification that a fantasy sports contest player is 21 years of age or older.
- (2) The requirement that fantasy sports contests are conducted in a venue where the fantasy sports contest player is at least 21 years of age or older.

Proposed law prohibits fantasy sports contests operators from offering fantasy sports contests based on the performances of participants in high school or youth athletic events.

Proposed law requires a licensed fantasy sports contest operator to:

- (1) Annually contract with a certified public accountant to conduct an audit that is consistent with the standards accepted by the American Institute of Certified Public Accountants.
- (2) Submit to the board a copy of the audit report.

Effective upon signature of the governor or lapse of time for gubernatorial action.

(Amends R.S. 27:302; Adds R.S. 27:306, 307, and 308)

#### Summary of Amendments Adopted by House

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

1. Remove proposed law language that a fantasy sports contest operator may offer fantasy sports contests during the time its application for licensure is pending before the La. Gaming Control Board.
2. Require the fantasy sports contest operator to demonstrate to the La. Gaming Control Board that the operator is suitable for licensing pursuant to present law.
3. Remove proposed law language requirement that the fantasy sports contest operator pay a fee.
4. Remove proposed law language that provides that a fantasy sports contest operator's license is transferable.
5. Raise the age of a fantasy sports contest player from 18 to 21.
6. Provide that fantasy sports contests are to be conducted in a venue where the fantasy sports contest player must be at least 21 years of age.
7. Add an exception to the Public Records Law.

8. Remove proposed law civil penalties for fantasy sports contest operators.
9. Make technical corrections.

The House Floor Amendments to the engrossed bill:

1. Remove proposed law provision that provides that a fantasy sports contest operator's application for licensure shall be confidential and not subject to the Public Records Law.
2. Remove proposed law provision that provides that certain evidence submitted by a fantasy sports contest operator to the La. Gaming Control Board shall be confidential and not subject to the Public Records Law.
3. Remove these provisions of proposed law from the exceptions to the Public Records Law.