

2019 Regular Session

HOUSE BILL NO. 587

BY REPRESENTATIVE MARINO AND SENATOR MARTINY

TAX/GAMING: Levies a state tax on the net proceeds of sports wagering, dedicates the avails of the tax, and imposes certain gaming fees

1 AN ACT

2 To amend and reenact R.S. 27:29.1(D) and (E), 29.2(A) and (B), 29.3(A)(1) and (2), and
3 29.4(D) and to enact R.S. 27:29.2.1, 92(D), 609, and 610, relative to the taxation of
4 certain sports wagering gaming; to levy a state tax on certain sports wagering
5 gaming; to provide for certain fees; to provide for certain requirements, conditions
6 and limitations; to provide for the disposition of the avails of the tax and fees; and
7 to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 27:29.1(D) and (E), 29.2(A) and (B), 29.3(A)(1) and (2), and 29.4(D)
10 are hereby amended and reenacted and R.S. 27:29.2.1, 92(D), 609, and 610 are hereby
11 enacted to read as follows:

12 §29.1. Manufacturer; permits

13 * * *

14 D. The annual fee for a manufacturer of slot machines, sports wagering
15 systems, and video draw poker devices permit issued under the provisions of this
16 Section is fifteen thousand dollars. This fee is required to be submitted at the time
17 of application and on the anniversary date of the issuance of the permit thereafter.

18 E. The annual fee for a manufacturer of gaming equipment other than slot
19 machines, sports wagering systems, and video draw poker devices permit issued
20 under the provisions of this Section is seven thousand five hundred dollars. This fee

1 is required to be submitted at the time of application and on the anniversary date of
2 the issuance of the permit thereafter.

3 §29.2. Gaming supplier permits

4 A. The board shall issue a gaming supplier permit to suitable persons who
5 supply, sell, lease, or repair, or contract to supply, sell, lease, or repair gaming
6 devices, equipment, and supplies to the holder of a license as defined in ~~R.S.~~
7 ~~27:44(14), R.S. 27:353(5)~~ R.S. 27:44 and 353, ~~or the casino gaming operator, or the~~
8 sports wagering service provider as defined in R.S. 27:602. A person shall not
9 supply, sell, lease, or repair or contract to supply, sell, lease, or repair gaming
10 devices, equipment, and supplies unless they possess a valid gaming supplier permit.

11 B. Gaming devices, supplies, or equipment may not be distributed to the
12 holder of a license as defined in ~~R.S. 27:44(14), R.S. 27:353(5)~~ R.S. 27:44 and 353,
13 ~~or a casino gaming operator, the sports wagering service provider as defined in R.S.~~
14 27:602, or supplier unless such devices, equipment, or supplies conform to rules
15 adopted by the board for such purpose.

16 * * *

17 §29.2.1. Sports wagering service provider permits

18 The annual fee for a sports wagering service provider permit issued under the
19 provisions of this Section shall be fifty thousand dollars. This fee shall be submitted
20 to the division at the time of application and on the anniversary date of the issuance
21 of the permit thereafter.

22 §29.3. Non-gaming supplier permit

23 A.(1) The division shall issue a non-gaming supplier permit to suitable
24 persons who furnish services or goods and receive compensation or remuneration for
25 such goods or services to the holder of a license as defined in R.S. 27:44 and 353, ~~or~~
26 the casino gaming operator, or the sports wagering service provider as defined in
27 R.S. 27:602. The board shall promulgate rules establishing the threshold amount of
28 goods and services for which a non-gaming supplier permit is required. Such
29 services include but are not limited to industries offering goods or services whether

1 or not directly related to gaming activity, including junket operators and limousine
 2 services contracting with the holder of a license as defined in R.S. 27:44 and 353, ~~or~~
 3 the casino gaming operator, or the sports wagering service provider as defined in
 4 R.S. 27:602, suppliers of food and nonalcoholic beverages, gaming employee or
 5 dealer training schools, garbage handlers, vending machine providers, linen
 6 suppliers, or maintenance companies. Any employee or dealer training school, other
 7 than employee or training schools conducted by a licensee, or the casino gaming
 8 operator, shall be conducted at an institution approved by the Board of Regents or
 9 the State Board of Elementary and Secondary Education.

10 (2) Any person who, directly or indirectly, furnishes services or goods to the
 11 holder of a license as defined in R.S. 27:44 and 353, ~~or~~ the casino gaming operator,
 12 or the sports wagering service provider as defined in R.S. 27:602, regardless of the
 13 dollar amount of the goods and services furnished or who has a business association
 14 with the holder of a license as defined in R.S. 27:44 and 353, ~~or~~ the casino operator,
 15 or the sports wagering service provider as defined in R.S. 27:602, may be required
 16 by the board or division, where applicable, to be found suitable or apply for a non-
 17 gaming supplier permit. Failure to supply all information required by the board or
 18 division, where applicable, may result in a finding of unsuitability or denial of a non-
 19 gaming supplier permit.

20 * * *

21 §29.4. Key and non-key gaming employee permit

22 * * *

23 D. The holder of a key or non-key gaming employee permit issued under this
 24 Title shall be authorized to work in the capacity for which permitted for the holder
 25 of a license as defined in ~~R.S. 27:44(14), R.S. 27:353(5)~~, R.S. 27:44 and 353, ~~or~~ the
 26 casino gaming operator, or the sports wagering service provider as defined in R.S.
 27 27:602.

28 * * *

1 §92. Collection and disposition of fees

2 * * *

3 D.(1) There is hereby established in the state treasury a special subfund in
4 the Riverboat Gaming Enforcement Fund to be known as the "Sports Wagering
5 Enforcement Subfund", hereafter in this Section, the "subfund".

6 (2) The monies in the subfund shall be withdrawn only pursuant to
7 appropriation by the legislature and shall be used solely for the following:

8 (a) For the expenses of the Department of Public Safety and Corrections and
9 the Department of Justice, including regulatory, administrative, investigative,
10 enforcement, legal, and such other expenses as may be necessary to carry out the
11 provisions of this Chapter and Chapter 10 of this Title and the rules and regulations
12 of the board.

13 (b) For the expenses of the Louisiana Gaming Control Board for the
14 regulation of gaming activities authorized by Chapter 10 of this Title.

15 * * *

16 §609. Sports wagering certificate fee

17 A. The initial application fee for a sports wagering certificate shall be fifty
18 thousand dollars and shall be non-refundable.

19 B. A sports wagering certificate shall be issued to an applicant upon approval
20 by the board of the application and payment of the sports wagering certificate fee.
21 The fee shall be one hundred thousand dollars and the certificate shall be for a term
22 of five years.

23 C. The division shall collect all fees, fines, and taxes imposed or assessed
24 under the provisions of this Section and those fees related to sports wagering
25 activities in Chapter 1 of this Title and deposit the fees into the Sports Wagering
26 Enforcement Subfund as established in R.S. 27:92(D).

27 §610. State tax; levy

28 A. There is hereby levied a thirteen percent tax upon the net sports wagering
29 proceeds offered to consumers within this state.

1 B. The division shall collect all fees, fines, and taxes imposed or assessed
2 under the provisions of this Section.

3 C. All fees, fines, revenues, taxes, and other monies collected by the division
4 pursuant to this Section, shall be forwarded upon receipt to the state treasurer for
5 immediate deposit into the state treasury. Funds deposited into the treasury shall first
6 be credited to the Bond Security and Redemption Fund in accordance with Article
7 VII, Section 9(B) of the Constitution of Louisiana.

8 D. After complying with the provisions of Subsection C of this Section, each
9 fiscal year, the state treasurer shall disburse the avails of the tax levied pursuant to
10 Subsection A of this Section from sports wagering service providers or sports
11 wagering certificate holders as follows:

12 (1) One percent of avails of the tax levied in Subsection A of this Section,
13 not to exceed \$500,000 shall be credited to the Compulsive and Problem Gaming
14 Fund established by R.S. 28:842, and the remainder of the avails shall be credited to
15 the Louisiana Early Childhood Education Fund as established by R.S. 14:407.30.

16 (2) Ten percent of avails of the tax levied in Subsection A of this Section
17 shall be credited to the Louisiana Early Childhood Education Fund as established
18 by R.S. 17:407.30.

19 (3) Two percent of avails of the tax levied in Subsection A of this Section
20 shall be remitted, by proportionate distribution, to each parish governing authority
21 in which the taxable conduct occurred.

22 Section 2. This Act shall take effect and become operative if and when the Act
23 which originated as Senate Bill No. 153 of this 2019 Regular Session of the Legislature is
24 enacted and becomes effective.

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 587 Reengrossed

2019 Regular Session

Marino

Abstract: Levies a 13% state tax on the net proceeds of sports wagering and dedicates 1% of the tax, no more than \$500,000, to the Compulsive and Problem Gaming Fund and the remainder of the proceeds to the Early Childhood Education Fund and parish governing authorities. Authorizes certain permits and imposes fees for entities involved in the sports wagering gaming industry.

Present federal law overturned the 1992 Professional Amateur Sports Protection Act, a federal prohibition on professional and amateur single-game sports wagering on May 14, 2018, in the U.S. Supreme Court case *Murphy, governor of New Jersey v. National Collegiate Athletic Association*. As a result, states are now authorized to legalize and regulate sports wagering gaming.

Present constitution prohibits a law authorizing a new form of gaming, gambling or wagering to be conducted in a parish unless a referendum election on the issue is held in a parish and the proposition is approved by the majority of voters.

Proposed law levies a 13% tax on the net proceeds of sports wagering conducted in the state and requires that 1%, but no greater than \$500,000 of the tax, be deposited into the Compulsive and Problem Gaming Fund per year. If 1% of the avails of tax exceeds \$500,000, the remainder of the 1% shall be deposited into the Early Childhood Education Fund. Proposed law requires that 10% of the avails of the tax be deposited into the Early Childhood Education Fund and 2% of the avails of the tax be remitted to parish governing authorities where the gaming occurred.

Proposed law imposes a sports wagering service provider permit fee of \$50,000 which shall be paid annually.

Proposed law imposes an initial application fee of \$50,000 for a sports wagering certificate.

Proposed law imposes a fee on the holder of a sports wagering certificate. The certificate shall be for a term of 5 years and shall cost \$100,000.

Proposed law requires that the tax levied on sports wagering be collected by the division in the office of state police. Proposed law establishes the Sports Wagering Enforcement Subfund within the Riverboat Gaming Enforcement Fund. All permit and certificate fees collected relating to sports wagering shall be deposited into the subfund. Upon appropriation by the legislature, the money in the subfund shall be dedicated to the Dept. of Public Safety and Corrections, the Dept. of Justice, and the La. Gaming Control Board for expenses related to the administration, enforcement, regulation, and investigation of sports wagering activities.

Proposed law retains present law and imposes an annual fee of \$15,000 for a manufacturer permit required by an entity that supplies sports wagering systems.

Present law imposes an annual fee of \$3,000 for a gaming supplier permit required by entities which furnish services to gaming licensees. Proposed law retains present law and imposes the fee on entities furnishing services to sports wagering service providers or licensees.

Proposed law imposes an annual fee of \$50,000 for a sports wagering service provider permit.

Present law imposes an annual fee of \$250 for a non-gaming supplier permit required by entities which furnish services to gaming licensees. Proposed law retains present law and imposes the fee on entities furnishing services to sports wagering service providers or licensees.

Present law imposes a fee for the initial application for a non-key gaming employee which may work with sports wagering gaming to be \$200 and the renewal fee to be \$200. Proposed law retains present law and imposes these fees on non-key gaming employees who may work with sports wagering service providers or licensees.

Present law imposes a fee for the initial application for a key gaming employee which may work with sports wagering gaming to be \$500 and the renewal fee to be \$200. Proposed law retains present law and imposes these fees on key gaming employees who may work with sports wagering service providers or licensees.

Effective if and when Senate Bill No. 153 of this 2019 R.S. is enacted and becomes effective.

(Amends R.S. 27:29.1(D) and (E), 29.2(A) and (B), 29.3(A)(1) and (2), and 29.4(D); Adds R.S. 27:29.2.1, 92(D), 609, and 610)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Increase the rate of the tax levied on net proceeds of sports wagering from 12% to 15%.
2. Increase the amount of money given to the Compulsive and Problem Gaming Fund from 1% of net proceeds of sports wagering not to exceed \$100,000 annually to 1% of net proceeds of sports wagering or \$500,000, whichever is greater.
3. Change the disposition of the avails of the tax levied from being deposited into the state general fund to two-thirds of the avails deposited into the La. Early Childhood Education Fund and one-third of the avails to the parish governing authority where the taxable conduct occurred.
4. Make technical changes.

The Committee Amendments Proposed by House Committee on Appropriations to the engrossed bill:

1. Create the Sports Wagering Enforcement Subfund within the Riverboat Gaming Enforcement Fund.
2. Require fees collected for permits and certificates related to sports wagering activities to be deposited into the subfund.
3. Require the monies in the subfund to be used by the Dept. of Public Safety and Corrections, the Dept. of Justice, and the La. Gaming Control Board for expenses related to the regulation, administration, enforcement, and investigation of sports wagering activities.

4. Decrease the rate of the tax levied on net proceeds of sports wagering from 15% to 13%.
5. Change the amount of money given to the Compulsive and Problem Gaming Fund from 1% of net proceeds of sports wagering or \$500,000, whichever is greater, to 1% of the avails of the tax levied, not to exceed \$500,000. If 1% exceeds \$500,000, then the remainder of the 1% of the avails of the tax collected shall be credited to the La. Early Childhood Education Fund.
6. Change the disposition of the avails of the tax levied from two-thirds of the avails being deposited into the La. Early Childhood Education Fund and one-third of the avails to the parish governing authority where the taxable conduct occurred to 10% of the tax dedicated to the La. Early Childhood Education Fund and 2% of the avails of the tax dedicated to the parish governing authority in which the sports wagering occurred, to be distributed proportionately.
7. Make technical changes.