
DIGEST

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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.