

## DIGEST

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SB 153 Reengrossed

2019 Regular Session

Martiny

Proposed law provides for a statewide election (decided on a parish-by-parish basis) to authorize the wagering in Louisiana on sports events. Provides that if approved by the voters of a particular parish, a licensed riverboat (Riverboat) or live horse racing facility with a licensed slot machine gaming area (Track) or the land-based casino gaming operator (Land-Based Casino) located in that parish may offer sports wagering. Requires the Riverboat, Track, or Land-Based Casino to apply to the Gaming Control Board (board) for a sports wagering certificate and be approved for such before conducting sports wagering.

Present law provides for manufacturer, gaming supplier, nongaming supplier, and key and nonkey gaming employee permits for manufacturers and suppliers who seek to do business and individuals who seek employment with Riverboats, Tracks, or the Land-Based Casino. Requires the manufacturer, supplier, or employee to secure the permit from the board before performing any activity for which a permit is required.

Proposed law adds sports wagering service provider to the list of present law permittees and defines a sports wagering service provider as a person who contracts with the holder of a sports wagering certificate to manage, administer, and control sports wagers for a Riverboat, Track, or the Land-Based Casino.

Present law authorizes the La. Gaming Control Board to impose a civil penalty, in addition to or in lieu of the revocation or suspension of a license or permit, not to exceed \$100,000 for each violation of any provision of the La. Riverboat Economic Development and Control Act, the La. Economic Development and Gaming Corporation Act, the La. Pari-mutuel Live Racing Facility Economic Redevelopment and Gaming Control Act.

Proposed law adds to present law that the La. Gaming Control Board also has the authority to impose civil penalties for violations of the proposed law Sports Wagering Control Act.

RIVERBOATS

Present law defines "game". Provides, among other exclusions, that "game" does not include any wagering on any type of sports event including but not limited to football, basketball, baseball, hockey, boxing, tennis, wrestling, jai alai, or other sports contest or event. Provides "game" shall also include racehorse wagering.

Proposed law retains present law and adds that, for Riverboats to whom the board has issued a sports wagering certificate, "game" shall also include sports wagering as authorized in proposed law.

Present law defines "gaming device" or "gaming equipment" as any equipment or mechanical, electro-mechanical, or electronic contrivance, component, or machine, including a slot machine, used directly or indirectly in connection with gaming or any game, which affects the result of a wager by determining wins or losses.

Proposed law retains present law and adds that, for Riverboats to whom the board has issued a sports wagering certificate, "gaming device" or "gaming equipment" shall also include any equipment or mechanical, electro-mechanical, or electronic contrivance, component, or machine used directly or indirectly in connection with sports wagering.

Present law defines "gaming position" as a gaming device seat or a space at a table game. Each gaming device seat shall be counted as one position and each space at a table game shall be counted as one position, subject to the rules and regulations of the board. The board

shall specifically provide by rule for the counting of gaming positions for devices and games where seats and spaces are not readily countable.

Proposed law retains present law and adds that, for Riverboats to whom the board has issued a sports wagering certificate, "gaming position" shall also include a self-service wagering machine or kiosk, or window, where a sports wager is accepted and each space, machine or kiosk, or window, where a sports wager is accepted shall be counted as one position, subject to rules and regulations of the board.

Present law requires Riverboats to utilize a cashless wagering system except for racehorse wagering and the play of slot machines.

Proposed law retains present law and adds sports wagering to the exception.

### LAND-BASED CASINO

Present law defines "game". Provides, among other exclusions, that "game" does not include wagering on any type of sports event, inclusive but not limited to football, basketball, baseball, hockey, boxing, tennis, wrestling, jai alai, or other sports contest or event.

Proposed law retains present law and adds that, if the Land-Based Casino has been issued a sports wagering certificate by the board, "game" shall also include sports wagering as authorized in proposed law.

Present law defines "gaming device" as any equipment or mechanical, electro-mechanical, or electronic contrivance, component, or machine used directly or indirectly in connection with gaming or any game, which affects the result of a wager by determining wins or losses.

Proposed law retains present law and adds that if the Land-Based Casino has been issued a sports wagering certificate, "gaming device" shall also include any equipment or mechanical, electro-mechanical, or electronic contrivance, component, or machine used directly or indirectly in connection with sports wagering.

Present law requires wagering at the official gaming establishment to be made with tokens, chips, vouchers, coupons, or electronic cards issued by the Land-Based Casino.

Proposed law retains present law and adds that if the Land-Based Casino is issued a sports wagering certificate, sports wagers at the official gaming establishment shall be made in cash or through a patron's verified wagering account.

### TRACKS

Present law defines "designated slot machine gaming area" as the contiguous area of an eligible live racing facility at which slot machine gaming may be conducted in accordance with present law. Provides that it is determined by measuring the area, in square feet, inside the interior walls of the licensed eligible facility, excluding any space therein in which gaming activities may not be conducted, such as bathrooms, stairwells, cage and beverage areas, and emergency evacuation routes of any width that meet or exceed the minimum size required by law.

Proposed law changes "designated slot machine gaming area" to "designated gaming area" and defines it as the contiguous area of a eligible live racing facility at which gaming may be conducted in accordance with law, excluding any space therein in which gaming activities may not be conducted.

Present law provides that wagering at the Track may be made with tokens, chips, vouchers, coupons, or electronic cards issued by the Track. Excludes the use of debit cards which automatically withdraw funds from a credit, savings, or checking account.

Proposed law retains present law and adds that sports wagers at an eligible facility may be made in cash or through a patron's verified wagering account.

Present law prohibits the operation or play of any type of game at the Tracks the play of which requires the participation of any employee of the licensee.

Proposed law makes an exception to present law for Tracks with a sports wagering certificate.

Present law provides that no gaming devices other than slot machines and authorized pari-mutuel wagering devices and equipment shall be in the designated slot machine gaming area.

Proposed law makes an exception to present law for a Track that has been issued a sports wagering certificate to have authorized self-service sports wagering machines or kiosks, or window spaces, where sports wagers are accepted and any equipment associated therewith to be in the designated gaming area.

Present law provides that a "gaming position" means a slot machine seat.

Proposed law provides that for a Track that has been issued a sports wagering certificate, "gaming position" shall also include a self-service sports wagering machine or self-service kiosk, or a wagering window space, where sports wagers are accepted. Provides that each machine or kiosk or space shall be counted as one position, subject to the rules and regulations of the board. Provides an exception for a wagering window or kiosk that was lawfully accepting wagers prior to the effective date of the chapter of law authorizing sports wagering which shall not be counted as a "gaming position" if the wagering window space or kiosk is remodeled, re-purposed, relocated, or replaced for the purpose of conducting sports wagering.

#### SPORTS WAGERING

Proposed law provides for the Louisiana Sports Wagering Control Act and provides for definitions. Authorizes sports wagering gaming activities to be conducted within approved gaming areas provided all of the following requirements are met:

- (1) A majority of the qualified electors voting at a proposition election called for that purpose in a parish where the sports wagering is taking place voted in favor of permitting sports wagering.
- (2) The Riverboat, Track, or Land-Based Casino has been awarded a sports wagering certificate by the board to conduct sports wagering.
- (3) The sports wagering is taking place within the designated gaming area of the Riverboat or Track or the official gaming establishment of the Land-Based Casino.
- (4) The gaming activities relative to sports wagering are being conducted in accordance with proposed law and all rules, regulations, and requirements of the board.

Proposed law provides that a sports wagering certificate holder or a sports wagering service provider permittee may accept wagers on an approved sports event at a wagering window or through self-service wagering machines or self-service kiosks. Provides that, except for certain wagering windows and kiosks at Tracks, each machine or kiosk, or window, shall be counted as a single gaming position.

Proposed law provides a procedure for applying for a sports wagering certificate and requires an eligible Riverboat, Track, or Land-Based Casino to be awarded a certificate before conducting, operating, or performing any activity regulated pursuant to proposed law.

Proposed law provides that in parishes in which sports wagering has been approved by the voters, a Riverboat, Track, or Land-Based Casino may apply to the board for a certificate on a form and in a manner prescribed by the board. Provides that no certificate to conduct sports wagering shall be issued unless the board finds:

- (1) That the applicant is capable of conducting sports wagering.

- (2) That the applicant's submission of a detailed plan of design of the areas of its Riverboat, Track, or official gaming establishment to be used for sports wagering are acceptable.

Proposed law provides that only after the application is approved by the board and the board has received payment of applicable fees and issued the sports wagering certificate to the licensee or operator may the licensee or casino gaming operator conduct sports wagering at its facility.

Proposed law provides that a sports wagering certificate shall not be transferrable; however, the holder may contract with a permitted sports wagering service provider to manage, administer, or control sports wagers.

Proposed law requires the board to adopt all rules necessary to implement, administer, and regulate sports wagering as authorized by proposed law. Provides that at a minimum, the rules shall include the following:

- (1) Standards and procedures to govern the conduct of sports wagering including but not limited to standards and procedures for the approval of a sports event for wagering, and the system of wagering.
- (2) The method for calculating gross sports wagering revenue and standards for the daily counting and recording of cash and cash equivalents received in the conduct of sports wagering, including ensuring that internal controls are followed, financial books and records are maintained, and audits are conducted.
- (3) The amount of cash reserves to be maintained to cover winnings by the sports wagering certificate holder or sports wagering services provider permittee.
- (4) Notice requirements pertaining to minimum and maximum wagers.
- (5) Compulsive and problem gambling standards pertaining to sports wagering consistent with present law and proposed law.
- (6) Standards prohibiting persons under 21 years of age from participating in sports wagering.
- (7) Requirements that each sports wagering certificate holder and each sports wagering service provider permittee shall:
  - (a) Provide written information to sports wagering patrons about sports wagering rules, payouts or winning wagers, and other information as the board may require.
  - (b) Provide specifications approved by the board to integrate and update the riverboat's, eligible facility's, or official gaming establishment's surveillance system to cover all areas where sports wagering is conducted.
  - (c) Designate one or more locations within the designated gaming area or official gaming establishment to conduct sports wagering.
  - (d) Ensure that visibility of each sports wagering area in the riverboat, eligible facility, or official gaming establishment is not obstructed in any way that could interfere with the ability of the sports wagering certificate holder and the board and other persons authorized under present law or by the board to oversee the surveillance of the conduct of sports wagering.
  - (e) Integrate the riverboat's, eligible facility's, or official gaming establishment's count room to ensure maximum security of the counting and storage of cash and cash equivalents.

- (f) Equip each area of a Riverboat, Track, or Land-Based Casino in which sports wagering is conducted with all required notices.
- (g) Ensure that no person under 21 years of age participates in sports wagering.

Proposed law provides that if the board has initiated regular rulemaking, the board may adopt initial emergency administrative rules without a finding that imminent peril to the public health, safety, or welfare exists.

Proposed law prohibits:

- (1) A person under the age of 21 from placing a sports wager and a sports wagering certificate holder or sports wagering service provider permittee from knowingly accepting a wager from a person under 21 years of age.
- (2) A person from placing a wager and a sports wagering certificate holder or sports wagering service provider permittee from knowingly accepting a wager from any person who may control the outcome of the sports event on which the wager is attempting to be placed.

Proposed law authorizes electronic or mobile sports wagering provided:

- (1) Prior to the acceptance of any electronic wager, a patron shall have established a wagering account through the sports wagering certificate holder or sports wagering service provider permittee and an initial verification of the account is completed by the holder or permittee.
- (2) Electronic sports wagers are placed in the gaming area of the Riverboat, Track, or Land-Based Casino, as that area is determined by the board, or any other areas of the Riverboat, Track or Land-Based Casino, as the board may approve, provided those areas are restricted to persons at least 21 years of age or older.
- (3) The sports wagering certificate holder or sports wagering service provider permittee maintains geo-fencing or geo-location services and bears all costs and responsibilities associated therewith as required by the board.
- (4) The system of electronic sports wagering through a mobile or other digital platform shall count as one gaming position, subject to the rules and regulations of the board.

Proposed law provides that any holder of a sports wager receipt evidencing the right to a payment is required to present the receipt for payment within 90 days after the date of the conclusion of the sports event. The failure to present such receipt within such time shall constitute a waiver of the right to the payment and the holder of the receipt shall have no right to enforce payment of the wager receipt. Further provides that any unclaimed monies are required to be credited to the present law Crime Victims Reparations Fund.

Proposed law provides for the gaming division of state police to collect all state fees, fines, and taxes imposed or assessed under proposed law and under the rules, regulations, and decisions of the board. Provides for the funds to be deposited upon receipt with the state treasurer and credited against the Bond Security Redemption Fund. Provides that each fiscal year the state treasurer shall credit one percent of the monies collected, not to exceed \$750,000, to the Compulsive and Problem Gaming Fund. Provides that 10% of monies collected shall be credited to the La. Early Childhood Education Fund and two percent of monies collected shall be remitted, by proportionate distribution, to each parish governing authority in which the taxable conduct occurred.

Provides that this provision of proposed law, relative to the dedication of revenue, shall not become effective if the provisions of R.S. 27:609 and 610 as enacted by the Act which originated as House Bill No. 587 of the 2019 R.S. become effective.

Proposed law provides that the holder of a license as defined in present law who has been issued a sports wagering certificate, or its sports wagering service provider permittee, in

order to contribute to the support of pari-mutuel wagering facilities in the state and the horse breeding industry, shall pay annually from the annual net sports wagering proceeds the following amount:

- (1) A fixed percentage of five percent to supplement purses as follows:
  - (a) 70% to supplement purses for thoroughbred races.
  - (b) 30% to supplement purses for quarter horse races.
- (2) A fixed percentage of two-thirds of one percent to the Executive Committee of the La. Thoroughbred Breeders' Association.
- (3) A fixed percentage of one-third of one percent to the Executive Committee of the La. Quarter Horse Breeders' Association.

ELECTION

Proposed law provides for a statewide election on October 12, 2019, on a proposition to determine whether sports wagering may be permitted in the parish. Provides that if the majority of the qualified electors voting disapprove the proposition, sports wagering shall not be allowed in that parish. Provides that if the majority of qualified electors voting approve the proposition, sports wagering may be conducted in the parish in accordance with proposed law.

Provides that proposed law shall not become effective until laws become effective regarding permit and certificate fees for conducting sports wagering.

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

(Amends R.S. 13:4721, R.S. 14:90(C), 90.3(F), and 90.5(B) and (C), R.S. 27:3(24), 15(B)(1), (D), and (E), 29(F), (H), and (I), 29.2(D), 29.3(D), 44(10), (12), and (14), 58(5), 65(B)(11), 205(12) and (13), 239.1, 353(2) and (4.1), 361(F), 364(A)(1)(c)(ii) and (A)(5), 371(C), 372(B) and (C), and 375(D), and R.S. 46:1816(B)(8); Adds R.S. 18:1300.24, R.S. 27:3(25) and (26), 15(B)(8)(c), 29.2.1, and 601-610)

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Judiciary B to the original bill

- 1. Makes technical corrections.
- 2. Removes provisions regarding nongaming supplier permits and key and nonkey gaming employee permits.
- 3. Changes the name of the geographic area at the Tracks that is regulated by Gaming Control Board from "designated slot machine gaming area" to "designated gaming area."
- 4. Adds that the system of electronic sports wagering through a mobile or other digital platform shall count as one gaming position.
- 5. Deletes proposed law term of a sports wagering certificate.
- 6. Clarifies that Gaming Control Board determines gaming area and adds that it be restricted to areas for patrons age 21 or older.
- 7. Adds dedication of any fees, fines, taxes, or other monies collected by the state from sports wagering.

Senate Floor Amendments to engrossed bill

1. Makes technical corrections.
2. Adds exception to the counting of a "gaming position" for certain wagering windows or kiosks at a Track.
3. Clarifies areas that the Gaming Control Board may approve for electronic sports wagering.

Summary of Amendments Adopted by House

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

1. Authorize the La. Gaming Control Board to impose civil penalties to any holder of a sports wagering certificate who violates the proposed law Sports Wagering Control Act.
2. Remove the provision of proposed law which provided that submission of applications for a sports wagering certificate begin on Jan. 1, 2020.
3. Add a requirement that the holder of a sports wagering receipt shall claim any winnings within 90 days after the date of the conclusion of the sports event. Further provide that any unclaimed monies are required to be deposited into the present law Crime Victims Reparations Fund.
4. Relative to the dedication of revenue:
  - (a) Change the amount of money given to the Compulsive Gaming and Problem Fund from one percent of net sports wagering proceeds or \$500,000, whichever is greater, to one percent of the monies collected, not to exceed \$750,000. If one percent exceeds \$750,000, then the remainder of the monies collected shall be credited to the La. Early Childhood Education Fund.
  - (b) Provide that 10% of monies collected shall be credited to the La. Early Childhood Education Fund.
  - (c) Provide that two percent of monies collected shall be remitted, by proportionate distribution, to each parish governing authority in which the taxable conduct occurred.
5. Provide that the proposed law provisions relative to the dedication of revenue shall not become effective if the provisions of R.S. 27:609 and 610 as enacted by the Act which originated as House Bill No. 587 of the 2019 R.S. become effective.
6. Require a total of six percent of net sports wagering proceeds to be distributed to the pari-mutuel wagering facilities and the horse breeding industry.
7. Make technical corrections.