

CONFERENCE COMMITTEE REPORT

HB 600

2019 Regular Session

Talbot

June 6, 2019

To the Honorable Speaker and Members of the House of Representatives and the Honorable President and Members of the Senate.

Ladies and Gentlemen:

We, the conferees appointed to confer over the disagreement between the two houses concerning House Bill No. 600 by Representative Talbot, recommend the following concerning the Reengrossed bill:

1. That the set of Senate Committee Amendments by the Senate Revenue and Fiscal Affairs Committee (#2713) be rejected.
2. That the set of Senate Committee Amendments by the Senate Finance Committee (#2984) be rejected.
3. That the set of Legislative Bureau Amendments (#3109) be adopted.
4. That Amendment No. 2 of the set of Senate Floor Amendments by Senator Gary Smith (#3201) be adopted.
5. That Amendment No. 1 of the set of Senate Floor Amendments by Senator Gary Smith (#3201) be rejected.
6. That the set of Senate Floor Amendments by Senator Cortez (#3312) be rejected.
7. That the set of Senate Floor Amendment by Senator Cortez (#3220) be rejected.
8. That the set of Senate Floor Amendments by Senator Cortez (#3410) be rejected.
9. That the following amendments to the Reengrossed bill be adopted:

AMENDMENT NO. 1

On page 2, line 2, after "tax of" and before "percent" delete "fifteen" and insert "eighteen and one-half"

AMENDMENT NO. 2

On page 2, line 4, after "monthly." delete the remainder of the line and delete lines 5 and 6 in their entirety

AMENDMENT NO. 3

On page 2, line 18, after "shall" delete the remainder of the line and at the beginning of line 19 delete "of the avails of" and insert "disburse"

AMENDMENT NO. 4

On page 2, line 19, after "Section" delete the remainder of the line, delete lines 20 through 26 in their entirety, and insert the following:

"as follows:

(1) An amount shall be allocated to the Department of Public Safety and Corrections and to the Department of Justice, pursuant to legislative appropriation, for regulatory, administrative, investigative, enforcement, legal, and other such expenses as may be necessary to carry out the provisions of this Chapter and for activities associated with the enforcement of laws and regulations governing fantasy sports contests.

(2) Two thirty-sevenths of the avails of the tax levied in Subsection A of this Section shall be credited to the Compulsive and Problem Gaming Fund established by R.S. 28:842.

(3) Ten thirty-sevenths of the avails of the tax levied in Subsection A of this Section shall be remitted to local governing authorities in which fantasy sports contests are permitted as follows:

(a) To the governing authority of each municipality in which fantasy sports contests are permitted, the amount of the distribution shall be based on the proportion of the total amount of the tax the municipality contributes to the total amount of the statewide levy.

(b) To the governing authority of each parish in which fantasy sports contests are permitted, the amount of the distribution shall be based upon the proportion of the total amount of the tax the parish contributes to the total amount of the statewide levy.

(c) Amounts distributed pursuant to this Paragraph may be redistributed among authorized recipients pursuant to a written agreement, ratified by a vote of the governing authority of each recipient, among all recipients when, as a result of a change in the governmental organizational circumstances, the proportionate distribution among recipients has changed.

(4) The remainder of the avails of the tax levied in Subsection A of this Section, after complying with Paragraphs (1) through (3) of this Subsection, shall be credited to the Louisiana Early Childhood Education Fund established by R.S. 17:407.30."

Respectfully submitted,

Representative Kirk Talbot

Senator Jean-Paul J. Morrell

Representative Neil C. Abramson

Senator Patrick Page Cortez

Representative John Stefanski

Senator Daniel "Danny" Martiny

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)]

CONFERENCE COMMITTEE REPORT DIGEST

HB 600

2019 Regular Session

Talbot

Keyword and oneliner of the instrument as it left the House

TAX/GAMING: Levies a state tax on the net gaming proceeds of fantasy sports contests, and authorizes a fee for issuance of certain licenses or permits

Report adopts Senate amendments to:

1. Establish an annual fee for a fantasy sports contest license or permit and base the amount of the fee on the licensee's annual revenue.
2. Make technical changes.

Report rejects Senate amendments which would have:

1. Relative to fantasy sports contests, imposed an initial fee for a fantasy sports contest license or permit for an operator never licensed in Louisiana, and distributed the tax levied on net fantasy sports contest revenue as follows:
 - (a) 2% to the Compulsive and Problem Gaming Fund.
 - (b) 3% to the locals.
 - (c) The remainder of the collection to the Early Childhood Education Fund.
2. Provided relative to the contingent effectiveness and implementation of proposed law regarding fantasy sports contests.
3. Incorporated the Reengrossed version of House Bill No. 587 of the 2019 R.S. as amended by the set of House Floor Amendments by Representative Marino (#3091) which would have done all of the following:
 - (a) Provided relative to the issuance of sports wagering service provider permits.
 - (b) Provided relative to the issuance of manufacturer permits.
 - (c) Provided relative to the issuance of gaming and non-gaming supplier permits.
 - (d) Provided relative to the issuance of key and non-key employee permits.
 - (e) Created the Sports Wagering Enforcement Subfund and provided for the collection and disposition of fees.
 - (f) Provided relative the a sports wagering certificate fee.

- (g) Levied a 13% tax on the net sports wagering proceeds offered to consumers within Louisiana.
- (h) Provided for the disposition of the 13% tax.
- (i) Provided for effectiveness.

Report amends the bill to:

1. Increase the tax levied on the net revenue of fantasy sports contests offered to consumers within Louisiana from 15% to 18.5%.
2. Require that the 18.5% tax collected be disbursed as follows:
 - (a) An amount from the collections shall be appropriated to the Department of Public Safety and Corrections and to the Department of Justice for regulatory, administrative and investigative purposes related to fantasy sports contests.
 - (b) 2/37ths of the avails of the tax shall be credited to the Compulsive and Problem Gaming Fund.
 - (c) 10/37ths fo the avails of the tax shall be remitted to local governing authorities in which fantasy sports contests are permitted.
 - (d) The remainder of the tax collected shall be credited to the Louisiana Early Childhood Education Fund.

Digest of the bill as proposed by the Conference Committee

Present law establishes the "Louisiana Fantasy Sports Contests Act" that authorizes the electors in the state to determine whether fantasy sports contests are permitted in a particular parish.

Present law defines a "fantasy sports contest" to mean 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 in advance of the game or contest and the value of the prizes is not determined by the number of participants or the amount of fees paid by participants.
- (3) All winning outcomes reflect the relative knowledge and skill of the participant and are determined by accumulated statistical results of the performance of the individuals.
- (4) No winning outcome is based on the score, point-spread, or any performance or performances of any single real-world team or any combination of teams or on a single performance of an individual athlete in any single real-world sporting or other event.

Present law requires the La. Gaming Control Board to adopt rules necessary to implement, administer, and regulate fantasy sports contests in this state if the electors of a parish approved fantasy sports contests in the parish. Upon adoption of rules by the La. Gaming Control Board and the enactment of laws to provide for the licensing, regulation, and taxation of revenue relative to fantasy sports contests, present law provides the following:

- (1) Authorizes fantasy sports contests only in those parishes that approved the proposition to permit fantasy sports contests in the parish.

- (2) Provides an exception to crimes in present law for gaming and gambling by computer for fantasy sports contests.

Proposed law levies a 18.5% tax on the net revenue of fantasy sports contests conducted in the stat. Proposed law distributes the tax as follows: an amount of the avails may be appropriated for the Dept. of Public Safety and Corrections and to the Dept. of Justice for regulatory, administrative, and investigative expenses; 2/37ths of the avails of the tax go to the Compulsive and Problem Gaming Fund; 10/37ths of the tax go to local governing authorities in which the taxable conduct occurred; and the remainder of the avails go to the La. Early Childhood Education Fund. Proposed law further requires all fees, fines, and other monies collected pursuant to proposed law to be deposited into the La. Early Childhood Education Fund.

Proposed law provides that the annual fee for a fantasy sports contest license or permit is \$5,000 if the licensee's annual revenue is less than \$100,000; \$15,000 if the licensee's annual revenue is \$100,000 or more but less than \$300,000; and \$40,000 if the licensee's annual revenue is more than \$300,000

Proposed law defines net revenue as an amount equal to the total entry fees collected from all participants entering fantasy sports contests, less the winnings paid to participants in the contests.

Proposed law requires the tax levied on fantasy sports contests to be collected by the division.

Proposed law imposes a civil penalty for certain gaming violations. The penalty shall not exceed \$1,000 for each individual violation, with a cap of \$50,000 for violations arising out of the same transaction or occurrence.

Effective July 1, 2019.

(Adds R.S. 27:302(3) and (4), 306, and 307)