

2020 Regular Session

HOUSE BILL NO. 357

BY REPRESENTATIVES MAGEE, BOURRIAQUE, BROWN, WILFORD CARTER,  
COX, FARNUM, HUGHES, JEFFERSON, TRAVIS JOHNSON, KERNER,  
PIERRE, AND STAGNI

1 AN ACT

2 To amend and reenact R.S. 27:302 and 304 and to enact R.S. 27:306 through 315, relative  
3 to fantasy sports contests; to provide relative to the Louisiana Fantasy Sports  
4 Contests Act; to provide for definitions; to provide for the licensing and regulation  
5 of fantasy sports contests, operators, and players; to provide relative to suitability of  
6 fantasy sports contest operators; to provide relative to the issuance or denial of  
7 licenses; to prohibit the transfer of licenses; to provide penalties for allowing certain  
8 persons to be a fantasy sports contest player; to provide relative to administrative  
9 rules; to provide for periodic reporting; to provide relative to civil penalties; to  
10 provide relative to revocation or suspension of a license; to provide relative to  
11 investigations; to provide for obligations to participants; to provide for inactive  
12 accounts; to provide for effectiveness; and to provide for related matters.

13 Be it enacted by the Legislature of Louisiana:

14 Section 1. R.S. 27:302 and 304 are hereby amended and reenacted and R.S. 27:306  
15 through 315 are hereby enacted to read as follows:

16 §302. Definitions

17 For purposes of this Chapter:

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

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

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

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

7                   (a) Participants create a simulation sports team based on the current  
8                   membership of real-world amateur or professional sports organizations.

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

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

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

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

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

21                  (5) "Fantasy sports contest operator" or "operator" means a suitable person  
22                  domiciled in Louisiana or a domestic business entity or a foreign corporation that is  
23                  licensed by the board to offer a platform for the playing of fantasy sports contests,  
24                  to administer one or more fantasy sports contests with an entry fee, and to award a  
25                  prize of value.

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

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



1 of such fees as may be necessary to defray administrative costs associated with the  
2 application for and the investigation, granting, or renewal of licenses and  
3 enforcement of this Chapter.

4 (2) Any fine or other monetary penalty collected by the board or its staff  
5 shall be remitted to the state treasury for deposit into the state general fund.

6 D. Upon direction of the board, the office of state police and the attorney  
7 general shall submit proposed rules to the board for consideration, modification, and  
8 promulgation as provided in this Section.

9 E. The board shall not adopt rules and regulations pertaining to campaign  
10 finance and contributions which are more restrictive than the provisions of law found  
11 generally in Chapter 11 of Title 18 of the Louisiana Revised Statutes of 1950, and  
12 specifically in R.S. 18:1505.2(L).

13 \* \* \*

14 §306. Licensing of fantasy sports contest operators

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

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

20 (1) Be a person domiciled in Louisiana or a domestic business entity with a  
21 certificate of existence from the Secretary of State and in good standing or a foreign  
22 corporation with a certificate of authority to transact business in this state from the  
23 Secretary of State and in good standing.

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

26 (3) Provide the board with financial statements indicating any gross fantasy  
27 sports contest revenue for the previous three years.

28 C. The initial application fee shall be one thousand dollars and shall be non-  
29 refundable.

1           D. The license fee for a fantasy sports contest license shall be submitted to  
2           the division prior to the issuance of the license. Each license shall be granted for a  
3           term of three years. The license fee shall be as follows:

4           (1) If the three-year average of the licensee's gross fantasy sports contest  
5           revenue is less than one hundred thousand dollars or the licensee has no previous  
6           revenue, the fee shall be five thousand dollars.

7           (2) If the three-year average of the licensee's gross fantasy sports contest  
8           revenue is one hundred thousand dollars or more, but less than three hundred  
9           thousand dollars, the fee shall be fifteen thousand dollars.

10          (3) If the three-year average of the licensee's gross fantasy sports contest  
11          revenue is more than three hundred thousand dollars, the fee shall be forty thousand  
12          dollars.

13          (4) The renewal fee for a fantasy sports contest license shall be submitted to  
14          the division on the anniversary date of the issuance of the license and shall be  
15          assessed in the same manner as the original license fee was assessed.

16          E. All fees, fines, and other monies collected by the division, pursuant to this  
17          Chapter, shall be forwarded upon receipt to the state treasurer for immediate deposit  
18          into the state treasury. An amount shall be allocated to the Department of Public  
19          Safety and Corrections and to the Department of Justice, pursuant to legislative  
20          appropriation, for regulatory, administrative, investigative, enforcement, legal, and  
21          other such expenses as may be necessary to carry out the provisions of this Chapter  
22          and for activities associated with the enforcement of laws and regulations governing  
23          fantasy sports contests.

24          F. Any fantasy sports contest operator that allows its license to lapse, without  
25          requesting an extension of time to file for renewal of the license, shall be required  
26          to resubmit an initial application for licensure. An extension may be granted by the  
27          board upon receipt of a written request prior to the lapse of the license.

28          G. A license issued by the board to a fantasy sports contest operator shall not  
29          be transferable.

1           §307. Issuance or denial of license

2                   A. The board shall consider all applications for licensure and shall issue a  
 3                   license to an applicant that meets the criteria set forth in this Chapter and as  
 4                   established by the board.

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

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

10                  D. A license issued by the board to a fantasy sports contest operator shall not  
 11                  be transferable.

12           §308. Licensee requirements

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

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

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

23                   (3) Provide that no winning outcome is based on the score, point spread, or  
 24                   any performance of any single real-world sports team or combination of such teams  
 25                   or solely on any single performance of an individual athlete or participant in any  
 26                   single real-world sporting event.

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

29                   (a) Athletes and individuals who participate in or officiate a game or  
 30                   competition that is a real-world sport or athletic event that is the subject of a fantasy  
 31                   sports contest.

1                   **(b) Any sports agent, team employee, referee, or league official associated**  
2                   **with a real-world sport or athletic event that is the subject of a fantasy sports contest.**

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

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

7                   **(7) Provide fantasy sports contest players with access to the fantasy sports**  
8                   **contest player's play history and account details that are not confidential.**

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

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

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

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

23                  **D. A licensed fantasy sports contest operator shall:**

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

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

28                  **(3) Submit financial reports as required by R.S. 27:310.**

1           §309. Allowing certain players to play fantasy sports contests; penalties; revocation  
 2                           hearing

3                   A.(1) No person licensed pursuant to the provisions of this Chapter, or any  
 4                   agent or employee thereof, shall allow a person under the age of twenty-one years  
 5                   to be a fantasy sports contest player.

6                   (2) No person licensed pursuant to the provisions of this Chapter, or any  
 7                   agent or employee thereof, shall allow a person to participate in a fantasy sports  
 8                   contest while located in a parish in which, at the election held pursuant to R.S.  
 9                   27:303, a majority of the qualified electors in the parish voting on the proposition to  
 10                   authorize fantasy sports contests in the parish voted against the proposition.

11                   B.(1) The person licensed pursuant to the provisions of this Chapter shall  
 12                   withhold all winnings from fantasy sports contest players who are determined to be  
 13                   under the age of twenty-one years and from fantasy sports contest players  
 14                   participating in a fantasy sports contest while located in a parish in which, at the  
 15                   election held pursuant to R.S. 27:303, a majority of the qualified electors in the  
 16                   parish voting on the proposition to authorize fantasy sports contests in the parish  
 17                   voted against the proposition.

18                   (2) The person licensed pursuant to the provisions of this Chapter shall each  
 19                   quarter report and remit to the division all winnings withheld from fantasy sports  
 20                   contest players pursuant to the provisions of this Section.

21                   C.(1) Violations of Paragraph (A)(1) of this Section shall be penalized by the  
 22                   division as follows:

23                   (a) If the licensee, his employee, or agent reasonably believed that the person  
 24                   was twenty-one years of age or older:

25                   (i) For a first or second violation, a fine of up to one thousand dollars shall  
 26                   be imposed.

27                   (ii) For a third or subsequent violation, a license revocation hearing shall be  
 28                   conducted at which time the board shall determine whether or not there are  
 29                   extenuating circumstances pursuant to which a license suspension or revocation  
 30                   should not be imposed. At the conclusion of the hearing, the board may revoke or  
 31                   suspend the license or, in lieu of the revocation or suspension of a license, the board  
 32                   may impose a civil penalty not to exceed fifty thousand dollars for each violation.



1           Payment of the civil penalty shall be a requirement for the retention of the license  
2           held by the entity.

3           (b) If the licensee, his employee, or agent is shown to have known or  
4           reasonably believed he was allowing a person under the age of twenty-one years to  
5           be a fantasy sports contest player, or for allowing a person under the age of fifteen  
6           years to be a fantasy sports contest player regardless of what the licensee, his  
7           employee, or agent knew or reasonably believed about the age of that person:

8           (i) For a first or second violation, license revocation may be imposed, or a  
9           fine of one thousand dollars shall be imposed if the license is not revoked.

10          (ii) For a third or subsequent violation, a license revocation hearing shall be  
11          conducted at which time the board shall determine whether or not there are  
12          extenuating circumstances pursuant to which a license suspension or revocation  
13          should not be imposed. At the conclusion of the hearing, the board may revoke or  
14          suspend a license or, in lieu of the revocation or suspension of a license, the board  
15          may impose a civil penalty not to exceed fifty thousand dollars for each violation.

16          Payment of the civil penalty shall be a requirement for the retention of the license  
17          held by the entity.

18          (2) Violations of Paragraph (A)(2) of this Section shall be penalized by the  
19          division as follows:

20          (a) For a first or second violation, license revocation may be imposed or a  
21          fine of one thousand dollars shall be imposed if the license is not revoked.

22          (b) For a third or subsequent violation, a license revocation hearing shall be  
23          conducted at which time the board shall determine whether or not there are  
24          extenuating circumstances pursuant to which a license suspension or revocation  
25          should not be imposed. At the conclusion of the hearing, the board may revoke or  
26          suspend a license or, in lieu of the revocation or suspension of a license, the board  
27          may impose a civil penalty not to exceed fifty thousand dollars for each violation.

28          Payment of the civil penalty shall be a requirement for the retention of the license  
29          held by the entity.

30          D.(1) A licensee shall be provided notice of the charged violation and may  
31          concede the violation and accept the penalty or may deny the violation and demand

1 a hearing be held, pursuant to R.S. 27:25, to make a determination regarding the  
2 charge.

3 (2) A violation shall have occurred only if the charged violation is conceded  
4 by the licensee to have occurred or is found to have occurred at a hearing held for  
5 that purpose.

6 (3) For the purposes of determining whether a second or subsequent  
7 violation has occurred, every violation shall have occurred on a separate occasion,  
8 by the same operator, and only violations that have occurred within a one-year  
9 period, regardless of when they were charged, conceded, or found to have occurred,  
10 shall be considered.

11 (4) For persons having more than one license issued pursuant to the  
12 provisions of this Chapter, license revocation as provided in this Subsection shall  
13 apply only to the license of the fantasy sports contest operator of the platform on  
14 which the violation occurred.

15 E.(1) It is unlawful for any person under twenty-one years of age to be a  
16 fantasy sports contest player.

17 (2) Whoever violates the provisions of this Subsection shall be fined not  
18 more than one hundred dollars.

19 (3) Any person apprehended while violating the provisions of this  
20 Subsection may be issued a citation by the apprehending law enforcement officer,  
21 which shall be paid in the same manner as provided for the offenders of local traffic  
22 violations.

23 §310. Reporting of gaming proceeds

24 An operator shall periodically report the following information to the  
25 division, which is not confidential and shall be available for public inspection:

26 (1) The operator's gross fantasy sports contest revenues.

27 (2) The operator's net revenue.

28 (3) Quarterly and annual financial statements regarding their operations in  
29 Louisiana submitted to the division that present historical data, including annual  
30 financial statements that have been audited by an independent certified public  
31 accountant as required by R.S. 27:308(D).

1           §311. Civil penalties; adoption of schedule of penalties

2                   A. The Louisiana Gaming Control Board shall adopt as a rule the schedule  
3                   of penalties provided for by this Chapter. All rules shall be adopted pursuant to the  
4                   provisions of the Administrative Procedure Act.

5                   B. A civil penalty shall not exceed fifty thousand dollars for each violation  
6                   of any provision of this Chapter or rule of the board.

7                   C.(1) Payment of the civil penalty shall be a requirement for the retention of  
8                   any license held by the entity which violated any such provisions.

9                   (2)(a) Failure to remit civil penalties shall result in the shutdown of the  
10                  platform of the operator who refused to remit the civil penalty. The provisions of this  
11                  Subparagraph shall apply only in those instances where no administrative hearing  
12                  has been timely requested.

13                  (b) Upon payment of the penalty, the platform may be reactivated.

14                  D. If the operator contests the imposition of the civil penalty, the penalty  
15                  shall be imposed only after an adjudicatory hearing is conducted pursuant to R.S.  
16                  27:25 and a basis for imposition of the penalty is determined to exist.

17           §312. Revocation or suspension of a license; civil penalty

18                   A. The board or division, as may be applicable, shall initiate an  
19                   administrative action and may revoke or suspend the license or permit of any person  
20                   issued pursuant to the provisions of this Chapter for any of the following:

21                   (1) The failure to meet the requirements of suitability as defined in this  
22                   Chapter or in any rules adopted by the board.

23                   (2) The failure to meet the requirements for the issuance of a license as  
24                   provided for in this Chapter or in any rules adopted by the board.

25                   (3) Repeated violations of any of the provisions of this Chapter or any rule  
26                   of the board governing this Chapter. "Repeated violations" shall mean three  
27                   violations of the same rule or statutory provision which have occurred on separate  
28                   occasions by the same operator within a one-year period. The date of a violation  
29                   shall be considered to be the date the citation for that violation is issued.

30                   B. For all other violations not listed in Subsection A of this Section, the  
31                   board or division, as may be applicable, may issue a civil penalty in accordance with  
32                   an adopted schedule of penalties as required by R.S. 27:311.

1           C. In addition to or in lieu of the revocation or suspension of a license issued  
 2           pursuant to the provisions of this Chapter, the board or division, as may be  
 3           applicable, may impose a civil penalty not to exceed fifty thousand dollars for each  
 4           violation of any provision of this Chapter or any rule of the board governing this  
 5           Chapter.

6           D. In lieu of revocation or suspension of a license, the licensee may enter  
 7           into a consent agreement or settlement to pay a penalty not to exceed fifty thousand  
 8           dollars.

9           E. No suspension imposed pursuant to the provisions of this Chapter shall  
 10          exceed a period of thirty days.

11          §313. Investigations and violations

12           A. The division shall conduct such investigations, hearings, and inquiries as  
 13           it deems necessary to fulfill its responsibilities under the provisions of this Chapter.  
 14           A license may be suspended prior to a hearing upon a written finding of danger to  
 15           public health and welfare.

16           B. As a condition of receiving a license under the provisions of this Chapter,  
 17           each operator agrees that the division and its agents and employees shall have  
 18           unrestricted access and the right to inspect any premises or electronic platform under  
 19           the control of the operator in which any activity relating to the provisions of this  
 20           Chapter is conducted.

21          §314. Limitation on active accounts; obligations to participants

22           An operator shall:

23           (1) Limit each authorized player to one active and continuously used  
 24           account.

25           (2) Publish and facilitate parental control procedures to allow parents or  
 26           guardians to exclude minors from access to any contest or platform. The procedures  
 27           shall include a toll-free number to call for help in establishing such parental controls.

28           (3) Make clear conspicuous statements that are not inaccurate or misleading  
 29           concerning the chances of winning and the number of winners when referencing the  
 30           chances or likelihood of winning.

1                   (4) Permit any authorized player to permanently close an account registered  
2                   to the player, on any and all platforms supported by the operator, at any time and for  
3                   any reason.

4                   (5) Identify all highly experienced players in any contest by a symbol  
5                   attached to the players' usernames, or by other visible means, on all platforms  
6                   supported by the operator.

7                   (6) Implement measures to protect the privacy and online security of  
8                   authorized players, their account, and their personal financial information.

9                   §315. Charging for inactive accounts

10                  A. An operator shall not charge a player for an inactive account.

11                  B. An operator shall charge players only for entry fees placed or contests  
12                  entered. No player shall be charged for failure to enter on a fantasy sports contest  
13                  or for failure to deposit certain amounts of cash or cash equivalent into any account.

14                  Section 2. This Act shall become effective upon signature by the governor or, if not  
15                  signed by the governor, upon expiration of the time for bills to become law without signature  
16                  by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
17                  vetoed by the governor and subsequently approved by the legislature, this Act shall become  
18                  effective on the day following such approval.

\_\_\_\_\_  
SPEAKER OF THE HOUSE OF REPRESENTATIVES

\_\_\_\_\_  
PRESIDENT OF THE SENATE

\_\_\_\_\_  
GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: \_\_\_\_\_