

2019 Regular Session

HOUSE BILL NO. 459

BY REPRESENTATIVE TALBOT

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

GAMING: Provides relative to fantasy sports contests

1 AN ACT

2 To amend and reenact R.S. 27:302 and to enact R.S. 27:306, 307, 308, and 309, relative to
3 fantasy sports contests; to provide relative to the Louisiana Fantasy Sports Contests
4 Act; to provide for definitions; to provide for the licensing of fantasy sports contest
5 operators; to provide relative to the issuance or denial of licenses; to provide relative
6 to fees; to provide for a civil penalty; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 27:302 is hereby amended and reenacted and R.S. 27:306, 307, 308,
9 and 309 are hereby enacted to read as follows:

10 §302. Definitions

11 For purposes of this Chapter:

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

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

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

1 ~~(2)~~(4) "Fantasy sports contest" means any fantasy or simulation sports game
2 or contest played through the internet or mobile device with all of the following
3 elements:

4 (a) Participants create a simulation sports team based on the current
5 membership of actual amateur or professional sports organizations.

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

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

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

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

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

18 (5) "Fantasy sports contest operator" or "operator" means a person or entity
19 that is licensed by the board to offer a platform for the playing of fantasy sports
20 contests, to administer one or more fantasy sports contests with an entry fee, and to
21 award a prize of value.

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

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

28 (8) "Location percentage" means, for each fantasy sports contest, the
29 percentage rounded to the nearest tenth of a percent of the total of entry fees

1 collected from fantasy sports contest players located in the state of Louisiana,
2 divided by the total entry fees collected from such players participating in fantasy
3 sports contests.

4 (9) "Net revenue" means for all fantasy sports contests, the amount equal to
5 the total entry fees collected from all participants entering such fantasy sports
6 contests, less the winnings paid to participants in the contests.

7 * * *

8 §306. Licensing of fantasy sports contest operators

9 A. No fantasy sports contest operator shall offer any fantasy sports contest
10 in this state without first being licensed by the board. However, a fantasy sports
11 contest operator may offer fantasy sports contests in this state during the time its
12 application for licensure is pending before the board, except as otherwise provided
13 in this Chapter. Applications for licensure shall be on forms provided by the board.

14 B. Before obtaining a license to offer fantasy sports contests in this state, a
15 fantasy sports contest operator must:

- 16 (1) Be authorized to transact business in this state; and
- 17 (2) Pay to the board an annual fee of ten thousand dollars.

18 C. On the anniversary date of the payment made pursuant to Subsection B,
19 a fantasy sports contest operator shall annually pay to the board a license renewal fee
20 equal to ten percent of net revenue.

21 D. The payments of fees shall be provided to the board and paid in a manner
22 required by the board.

23 E. There shall be no refunds of any annual license fees collected by the
24 board.

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

1 §307. Issuance or denial of license2 A. The board shall consider all applications for licensure and shall issue a
3 valid license to an applicant that meets the criteria set forth in this Chapter.4 B. The board shall deny a license to any applicant who does not meet the
5 criteria as set forth in this Chapter and as established by the board.6 C. Any operator who applies for a license, a renewal, or a transfer of a
7 license may operate during the application period unless the board has reasonable
8 cause to believe that such operator is or may be in violation of the provisions of this
9 Chapter. The board shall require any operator who is in violation of this Chapter to
10 suspend the operation of any fantasy sports contest until a license or renewal of
11 license is issued.12 D. The board shall issue or deny an operator's license within sixty days of
13 receipt of an application for licensure. If a license is not issued, the board shall
14 provide the operator with specific reasons for not issuing a license.15 E. A license issued pursuant to the provisions of this Chapter shall be
16 transferable.17 F. Any application made under this Section shall be confidential and shall
18 not be subject to the Public Records Law.19 §308. License Requirements20 A. As a condition of licensure, a fantasy sports contest operator shall submit
21 evidence to the board that the operator has established and will implement
22 commercially reasonable procedures for fantasy sports contests with an entry fee
23 that:24 (1) Prevent employees of the fantasy sports contest operator, and relatives
25 of an employee living in the same household as an employee of an operator, from
26 competing in fantasy sports contests offered by an operator in which the operator
27 offers a cash prize to the general public.28 (2) Prevent sharing of confidential information that could affect fantasy
29 sports contests with third parties until the information is made publicly available.

1 (3) Provide that no winning outcome is based on the score, point spread, or
2 any performance of any single actual sports team or combination of such teams or
3 solely on any single performance of an individual athlete or participant in any single
4 actual sporting event.

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

7 (a) Athletes and individuals who participate in or officiate a game or
8 competition that is the subject of a fantasy sports contest.

9 (b) Any sports agent, team employee, referee, or league official associated
10 with a sport or athletic event.

11 (5) Verify that a fantasy sports contest player is eighteen years of age or
12 older.

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

15 (7) Provide fantasy sports contest players with access to information on
16 seeking assistance regarding compulsive or problem gambling.

17 (8) Provide fantasy sports contest players with access to the fantasy sports
18 contest player's play history and account details.

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

22 (10) Disclose the limit on the number of entries that a fantasy sports contest
23 player may submit in a fantasy sports contest and provide reasonable steps to prevent
24 players from submitting more than the limit.

25 (11) Segregate fantasy sports contest player funds from operational funds or
26 maintain a reserve that exceeds the amount of player funds on deposit, which may
27 not be used for operational activities. Reserve funds may take the form of cash , cash
28 equivalents, payment process reserves, payment processor receivables, an

1 irrevocable letter of credit, a bond, or a combination thereof, in the amount that must
2 exceed the total balances of the fantasy sports contest players' accounts.

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

5 C. A fantasy sports contest operator may not offer a fantasy sports contest
6 to the general public that does not establish and make known all prizes and awards
7 offered to winning participants in advance of the game or contest.

8 D. A licensed fantasy sports contest operator shall:

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

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

13 E. The information submitted to the board pursuant to Subsections A and D
14 of this Section shall be confidential and shall not be subject to the Public Records
15 Law.

16 §309. Civil penalty

17 Any fantasy sports contest operator who violates any procedure implemented
18 pursuant to this Chapter shall be liable for a civil penalty of not more than one
19 thousand dollars for each violation, not to exceed fifty thousand dollars for violations
20 arising out of the same transaction or occurrence, which shall accrue to the state and
21 may be recovered in a civil action brought by the board.

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

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 459 Original

2019 Regular Session

Talbot

Abstract: Provides relative to the regulation of fantasy sports contests in this state.

Present law provides for the "Louisiana Fantasy Sports Contests Act", which called for a proposition election held on November 6, 2018, to determine whether fantasy sports contests were to be permitted in a particular parish.

Present law provides for a definition of "fantasy sports contests", which means 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 and made known to the participants in advance of the game or contest, and the value of the prizes or awards is not determined by the number of participants or the amount of any fees paid by those participants.
- (3) All winning outcomes reflect the relative knowledge and skill of the participant and are predominantly determined by accumulated statistical results of the performance of the individuals, including athletes in the case of sporting events.
- (4) No winning outcome is based on either of the following:
 - (a) On the score, point-spread, or any performance or performances of any single real-world team or any combination of such teams.
 - (b) Solely on any single performance of an individual athlete in any single real-world sporting or other event.

Proposed law retains present law and adds definitions for the terms "confidential information", "entry fee", "fantasy sports contest operator", "fantasy sports contest player", "gross fantasy sports contests revenues", "location percentage", and "net revenue".

Proposed law requires a fantasy sports contest operator to be licensed by the La. Gaming Control Board. Provides that a fantasy sports contest operator may offer fantasy sports contests in the state during the time its application for licensure is pending before the board, except as otherwise provided.

Proposed law provides that a fantasy sports contest operator must:

- (1) Be authorized to transact business in this state.
- (2) Pay to the board an annual fee of \$10,000.

Proposed law provides that any fantasy sports contest operator that allows its license to lapse, without requesting an extension of time to file for a renewal, is required to resubmit an initial application for licensure.

Proposed law requires the board to issue or deny a fantasy sports contest operator's license within 60 days of receipt of application for licensure. Provides that the board shall provide an operator with specific reasons if a license is not issued.

Proposed law provides that a license is transferable, and that any application made for a license is confidential and not subject to the Public Records Law.

Proposed law provides that as a condition of licensure, a fantasy sports contest operator is required to submit evidence to the board that the operator has established and will implement certain commercially reasonable procedures for fantasy sports contests.

Proposed law prohibits fantasy sports contests operators from offering fantasy sports contests based on the performances of participants in high school or youth athletic events.

Proposed law requires a licensed fantasy sports contest operator to:

- (1) Annually contract with a certified public accountant to conduct an audit that is consistent with the standards accepted by the American Institute of Certified Public Accountants.
- (2) Submit to the board a copy of the audit report.

Proposed law provides that any fantasy sports contest operator who violates proposed law shall be liable for a civil penalty of not more than \$1,000 for each violation, not to exceed \$50,000 for violations arising out of the same transaction or occurrence, which shall accrue to the state and may be recovered by a civil action brought by the board.

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

(Amends R.S. 27:302; Adds R.S. 27:306, 307, 308, and 309)