
DIGEST

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HB 459 Re-Reengrossed

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.

Proposed law provides that a fantasy sports contest operator must:

- (1) Be authorized to transact business in this state.
- (2) Demonstrate to the La. Gaming Control Board that the operator is suitable for licensing pursuant to present law (R.S. 27:28).

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. Further prohibits the transfer of a fantasy sports contest operator's license.

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. Prohibits the transfer of a fantasy sports contest operator's license.

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 which include but are not limited to:

- (1) The verification that a fantasy sports contest player is 21 years of age or older.
- (2) Ensuring certain persons do not participate in 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 prohibits any person licensed pursuant to proposed law, or any agent or employee thereof, from allowing a person under the age of 21 to be a fantasy sports contest player and from allowing a person to participate in a fantasy sports contest in a parish in which a majority of the qualified electors in the parish voting on the proposition to authorize fantasy sports in the parish voted against the proposition. Proposed law requires the licensee to withhold the winnings of such persons. Proposed law further provides for the imposition of civil penalties and authorizes license revocation for licensees who violate this proposed law prohibition.

Proposed law provides that it is the intent of the legislature that no tax shall be levied on the net revenue of fantasy sports contests in this state. Further provides that this provision of proposed law becomes effective only if neither House Bill No. 495 nor House Bill No. 600 of the 2019 R.S., which

levy a tax on net gaming proceeds of fantasy sports contests, are enacted and become effective.

All other provisions of proposed law are effective July 1, 2019.

(Amends R.S. 27:302; Adds R.S. 27:306-310)

Summary of Amendments Adopted by House

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

1. Remove proposed law language that a fantasy sports contest operator may offer fantasy sports contests during the time its application for licensure is pending before the La. Gaming Control Board.
2. Require the fantasy sports contest operator to demonstrate to the La. Gaming Control Board that the operator is suitable for licensing pursuant to present law.
3. Remove proposed law language requirement that the fantasy sports contest operator pay a fee.
4. Remove proposed law language that provides that a fantasy sports contest operator's license is transferable.
5. Raise the age of a fantasy sports contest player from 18 to 21.
6. Provide that fantasy sports contests are to be conducted in a venue where the fantasy sports contest player must be at least 21 years of age.
7. Add an exception to the Public Records Law.
8. Remove proposed law civil penalties for fantasy sports contest operators.
9. Make technical corrections.

The House Floor Amendments to the engrossed bill:

1. Remove proposed law provision that provides that a fantasy sports contest operator's application for licensure shall be confidential and not subject to the Public Records Law.
2. Remove proposed law provision that provides that certain evidence submitted by a fantasy sports contest operator to the La. Gaming Control Board shall be confidential and not subject to the Public Records Law.
3. Remove these provisions of proposed law from the exceptions to the Public Records

Law.

The House Floor Amendments to the reengrossed bill:

1. Remove proposed law requirement that fantasy sports contests be conducted in a venue where fantasy sports contest players must be at least 21 years of age.
2. Prohibit the transfer of a fantasy sports contest operator's license.
3. Provide for the imposition of civil penalties and authorize license revocation under certain circumstances for licensees that allow persons under the age of 21 to be a fantasy sports contest player and that allow a person to participate in a fantasy sports contest in a parish in which a majority of the qualified electors in the parish voted against authorizing fantasy sports contests in the parish.
4. Add that it is the intent of the legislature that there shall be no tax levied on the net revenue of fantasy sports contests in the state. Further provide that this provision shall become effective only if neither House Bill No. 495 nor House Bill No. 600 of the 2019 R.S., which levy a tax on net gaming proceeds of fantasy sports contests, are enacted and become effective.
5. Change the effective date from upon signature of the governor to July 1, 2019.