

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 R.S. 44:4.1(B)(15), and to enact R.S. 27:306, 307,
3 and 308, relative to fantasy sports contests; to provide relative to the Louisiana
4 Fantasy Sports Contests Act; to provide for definitions; to provide for the licensing
5 and suitability of fantasy sports contest operators; to provide relative to the issuance
6 or denial of licenses; to provide for exceptions to the Public Records Law; and to
7 provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 27:302 is hereby amended and reenacted and R.S. 27:306, 307, and
10 308 are hereby enacted to read as follows:

11 §302. Definitions

12 For purposes of this Chapter:

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

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

17 (3) "Entry fee" means cash or cash equivalent that is required to be paid by
18 a fantasy sports contest participant to a fantasy sports contest operator in order to
19 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. Applications for licensure
11 shall be on forms provided by the board.

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

14 (1) Be authorized to transact business in this state; and

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

17 C. Any fantasy sports contest operator that allows its license to lapse,
18 without requesting an extension of time to file for renewal of the license, shall be
19 required to resubmit an initial application for licensure. An extension may be
20 granted by the board upon receipt of a written request prior to the lapse of the
21 license.

22 §307. Issuance or denial of license

23 A. The board shall consider all applications for licensure and shall issue a
24 valid license to an applicant that meets the criteria set forth in this Chapter.

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

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

1 D. Any application made under this Section shall be confidential and shall
2 not be subject to the Public Records Law.

3 §308. License Requirements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

15 (12) Provide that fantasy sports contests are required to be conducted in a
16 venue where the fantasy sports contest player must be at least twenty-one years of
17 age.

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 may 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.

- (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.

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 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 which include but are not limited to:

- (1) The verification that a fantasy sports contest player is 21 years of age or older.
- (2) The requirement that fantasy sports contests are conducted in a venue where the fantasy sports contest player is at least 21 years of age or older.

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.

Present law (R.S. 44:1.1(B)) provides for exceptions to the Public Records Law. Proposed law adds certain sections of proposed law to the present law exceptions.

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

(Amends R.S. 27:302 and R.S. 44:4.1(B)(15); Adds R.S. 27:306, 307, and 308)

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.