



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 actual 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 person or entity  
22          that is licensed by the board to offer a platform for the playing of fantasy sports  
23          contests, to administer one or more fantasy sports contests with an entry fee, and to  
24          award a prize of value.

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

27          (7) "Gross fantasy sports contest revenues" means the amount equal to the  
28          total of all entry fees that a fantasy sports contest operator collects from all fantasy

1 sports contest players, multiplied by the location percentage for the state of  
2 Louisiana.

3 (8) "Location percentage" means, for each fantasy sports contest, the  
4 percentage rounded to the nearest tenth of a percent of the total of entry fees  
5 collected from fantasy sports contest players located in the state of Louisiana,  
6 divided by the total entry fees collected from such players participating in fantasy  
7 sports contests.

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

11 \* \* \*

12 §306. Licensing of fantasy sports contest operators

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

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

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

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

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

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

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. The board shall issue or deny an operator's license within sixty days of  
7        receipt of an application for licensure. If a license is not issued, the board shall  
8        provide the operator with specific reasons for not issuing a license.9                D. A license issued by the board to a fantasy sports contest operator shall not  
10       be transferable.11       §308. License requirements12               A. As a condition of licensure, a fantasy sports contest operator shall submit  
13       evidence to the board that the operator has established and will implement  
14       commercially reasonable procedures for fantasy sports contests with an entry fee  
15       that:16               (1) Prevent employees of the fantasy sports contest operator, and relatives  
17       of an employee living in the same household as an employee of an operator, from  
18       competing in fantasy sports contests offered by an operator in which the operator  
19       offers a cash prize to the general public.20               (2) Prevent sharing of confidential information that could affect fantasy  
21       sports contests with third parties until the information is made publicly available.22               (3) Provide that no winning outcome is based on the score, point spread, or  
23       any performance of any single actual sports team or combination of such teams or  
24       solely on any single performance of an individual athlete or participant in any single  
25       actual sporting event.26               (4) Ensure that any of following persons do not participate in fantasy sports  
27       contests:28               (a) Athletes and individuals who participate in or officiate a game or  
29       competition that is the subject of a fantasy sports contest.

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

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 information on  
8           seeking assistance regarding compulsive or problem gambling.

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

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

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

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

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

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

28          D. A licensed fantasy sports contest operator shall:

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

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

5           §309. Allowing underage persons to play fantasy sports contests; penalties;  
6           revocation hearing

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

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

15           B.(1) The person licensed pursuant to the provisions of this Chapter shall  
16           withhold all winnings from fantasy sports contest players who are determined to be  
17           under the age of twenty-one and from fantasy sports contest players participating in  
18           a fantasy sports contest in a parish in which, at the election held pursuant to R.S.  
19           27:303, a majority of the qualified electors in the parish voting on the proposition to  
20           authorize fantasy sports contests in the parish voted against the proposition.

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

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

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

28           (i) For a first or second violation, a fine of one thousand dollars shall be  
29           imposed.

1           (ii) For a third or subsequent violation, a license revocation hearing shall be  
2           conducted at which time the board shall determine whether or not there are  
3           extenuating circumstances pursuant to which a license suspension or revocation  
4           should not be imposed. At the conclusion of the hearing, the board may revoke or  
5           suspend the license or, in lieu of the revocation or suspension of a license, the board  
6           may impose a civil penalty not to exceed fifty thousand dollars for each violation.  
7           Payment of the civil penalty shall be a requirement for the retention of the license  
8           held by the entity.

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

14           (i) For a first or second violation, license revocation may be imposed.

15           (ii) For a first or second violation, a fine of one thousand dollars shall be  
16           imposed if the license is not revoked.

17           (iii) For a third or subsequent violation, a license revocation hearing shall be  
18           conducted at which time the board shall determine whether or not there are  
19           extenuating circumstances pursuant to which a license suspension or revocation  
20           should not be imposed. At the conclusion of the hearing, the board may revoke or  
21           suspend a license or, in lieu of the revocation or suspension of a license, the board  
22           may impose a civil penalty not to exceed fifty thousand dollars for each violation.  
23           Payment of the civil penalty shall be a requirement for the retention of the license  
24           held by the entity.

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

27           (a) For a first or second violation, license revocation may be imposed.

28           (b) For a first or second violation, a fine of one thousand dollars shall be  
29           imposed if the license is not revoked.

1           (c) For a third or subsequent violation, a license revocation hearing shall be  
2           conducted at which time the board shall determine whether or not there are  
3           extenuating circumstances pursuant to which a license suspension or revocation  
4           should not be imposed. At the conclusion of the hearing, the board may revoke or  
5           suspend a license or, in lieu of the revocation or suspension of a license, the board  
6           may impose a civil penalty not to exceed fifty thousand dollars for each violation.  
7           Payment of the civil penalty shall be a requirement for the retention of the license  
8           held by the entity.

9           D.(1) A licensee shall be provided notice of the charged violation and may  
10          concede the violation and accept the penalty or may deny the violation and demand  
11          a hearing be held, pursuant to R.S. 27:25, to make a determination regarding the  
12          charge.

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

16          (3) For the purposes of determining whether a second or subsequent  
17          violation has occurred, every violation shall have occurred on a separate occasion,  
18          at the same licensed location, and only violations that have occurred within a one-  
19          year period, regardless of when they were charged, conceded, or found to have  
20          occurred, shall be considered.

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

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

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



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

5           Section 2. R.S. 27:310 is hereby enacted to read as follows:

6           §310. Legislative intent

7           It is the intent of the legislature that there shall be no tax levied on the net  
 8           revenue of fantasy sports contests offered to consumers within this state.

9           Section 3. Section 2 of this Act shall take effect and become operative only if neither  
 10          House Bill No. 495 nor House Bill No. 600 from the 2019 Regular Session of the Legislature  
 11          are enacted and become effective.

12          Section 4. This Act shall become effective on July 1, 2019.

#### 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 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.