

GREEN SHEET REDIGEST

HB 600

2019 Regular Session

Talbot

**TAX/GAMING: Levies a state tax on the net gaming proceeds of fantasy sports contests, and authorizes a fee for issuance of certain licenses or permits**

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DIGEST

Present law establishes the "Louisiana Fantasy Sports Contests Act" that authorizes the electors in the state to determine whether fantasy sports contests are permitted in a particular parish.

Present law defines a "fantasy sports contest" to mean 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 in advance of the game or contest and the value of the prizes is not determined by the number of participants or the amount of fees paid by participants.
- (3) All winning outcomes reflect the relative knowledge and skill of the participant and are determined by accumulated statistical results of the performance of the individuals.
- (4) No winning outcome is based on the score, point-spread, or any performance or performances of any single real-world team or any combination of teams or on a single performance of an individual athlete in any single real-world sporting or other event.

Present law requires the La. Gaming Control Board to adopt rules necessary to implement, administer, and regulate fantasy sports contests in this state if the electors of a parish approved fantasy sports contests in the parish. Upon adoption of rules by the La. Gaming Control Board and the enactment of laws to provide for the licensing, regulation, and taxation of revenue relative to fantasy sports contests, present law provides the following:

- (1) Authorizes fantasy sports contests only in those parishes that approved the proposition to permit fantasy sports contests in the parish.
- (2) Provides an exception to crimes in present law for gaming and gambling by computer for fantasy sports contests.

Proposed law levies a 15% tax on the net revenue of fantasy sports contests conducted in the state and requires 3% of the 15% of the net sports wagering proceeds to be remitted, by proportionate distribution, to each parish governing authority in which the taxable conduct occurred, 2% of the 15% to the Compulsive and Problem Gaming Fund, and the remainder (10%) to be deposited into the La. Early Childhood Education Fund. Proposed law further requires all fees, fines and other monies collected pursuant to proposed law to be deposited into the La. Early Childhood Education Fund.

Proposed law provides for a \$40,000 fantasy sports contest license or permit fee.

Proposed law defines net revenue as an amount equal to the total entry fees collected from all participants entering fantasy sports contests, less the winnings paid to participants in the contests.

Proposed law requires the tax levied on fantasy sports contests to be collected by the division. Proposed law authorizes the legislature to appropriate money to be allocated to the Dept. of Public Safety and Corrections and to the Dept. of Justice for regulatory,

administrative, investigative, enforcement, and legal expenses related to fantasy sports contests.

Proposed law imposes a civil penalty for certain gaming violations. The penalty shall not exceed \$1,000 for each individual violation, with a cap of \$50,000 for violations arising out of the same transaction or occurrence.

Effective July 1, 2019.

(Adds R.S. 27:302(3), 306, and 307)

#### Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill

1. Change the term used in calculating the tax from net gaming proceeds, defined as total of all cash and property, including checks received by an operator or licensee, whether collected or not, from gaming operations, less the total of all cash paid out as winnings to net revenue defined as the amount equal to the total entry fees collected from all participants entered minus the winnings paid to participants.
2. Change the disposition of the avails of the tax from deposit into the state general fund each month, to deposit into the La. Early Childhood Education Fund. Further requires all fees and fines to be deposited into the La. Early Childhood Education Fund.
3. Impose a civil penalty for operators, holding or applying for a gaming license or permit, that violate any gaming regulation procedures of no more than \$1,000 for each violation, not to exceed \$50,000 for violations arising out of the same transaction or occurrence. Authorizes these fines to be recovered in a civil action by the La. Gaming Control Board.
4. Make technical changes.

The House Floor Amendments to the engrossed bill:

1. Increase the tax levied on the net revenue of fantasy sports contests from 10% to 15% and increase the annual fee for a fantasy sports contest or license from \$10,000 to \$15,000.
2. Require 5% of the net sports wagering proceeds to be remitted, by proportionate distribution, to each parish governing authority in which the taxable conduct occurred.
3. Authorize the legislature to appropriate money to the Dept. of Public Safety and Corrections and to the Dept. of Justice for regulatory, administrative, investigative, enforcement, legal and other expenses related to administration of sports wagering activities.

#### Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the reengrossed bill

1. Increase the tax levied on the net revenue of fantasy sports contests from 15% to 25% and increase the annual fee for a fantasy sports contest or license from \$15,000 to \$40,000.
2. Decrease the percentage of the net revenue distributed to local government from 5% to 3% and provide for proportional distribution of local revenue.

3. Add a distribution of 2% of the net revenue to the Compulsive and Problem Gaming Fund.
4. Make technical changes.

Committee Amendments Proposed by Senate Committee on Finance to the reengrossed bill

1. Decrease the tax levied on the net revenue of fantasy sports contests from 25% to 15%.