

**HOUSE SUMMARY OF SENATE AMENDMENTS**

**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

**Synopsis of Senate Amendments**

1. Removes the definition of "operator" or "licensee".
2. Increases the tax levied on the net revenue of fantasy sports contests from 15% to 18.5%.
3. Changes the distribution of the tax from 10% of the 15% tax going to the La. Early Childhood Education Fund and 5% of the 15% tax going to the locals to 2% of the 18.5% tax going to the Compulsive and Problem Gaming Fund, 3% of the 18.5% tax going to parish governing authorities in which the taxable conduct occurred, and the remainder of the avails going to the La. Early Childhood Education Fund.
4. Changes the annual fee for a fantasy sports contest license or permit from \$15,000 to \$5,000 for operators who have not been licensed at any time prior in La. Provides that the annual renewal fee for a fantasy sports contest license or permit is \$5,000 if the licensee's annual revenue is less than \$100,000; \$15,000 if the licensee's annual revenue is \$100,000 or more but less than \$300,000; and \$40,000 if the licensee's annual revenue is more than \$300,000.
5. Provides relative to the issuance of sports wagering service provider permits.
6. Authorizes the imposition of a civil penalty on sports wagering service providers, which shall not exceed \$100,000 for each violation, in lieu of revocation or suspension of their sports wagering certificate for violations of the Sports Wagering Control Act.
7. Requires manufacturers of sports wagering systems to pay \$15,000 annually for a manufacturer permit.
8. Requires gaming devices, supplies, and equipment to be distributed to a sports wagering service provider by a person with a valid gaming supplier permit issued by the board.
9. Requires sports wagering service providers to pay \$15,000 annually for a sports wagering service provider permit.
10. Requires entities furnishing services to sports wagering service providers to pay \$250 annually for a non-gaming supplier permit.
11. Requires non-key gaming employees working with a sports wagering service provider pay an initial application fee of \$250 and a renewal fee of \$200.
12. Requires key gaming employees working with a sports wagering provider pay an initial application fee of \$500 and a renewal fee of \$200.
13. Creates the Sports Wagering Enforcement Subfund within the Riverboat Gaming Enforcement Fund and requires fees collected for permits and certificates related to sports wagering activities to be deposited into the subfund.

14. Requires the monies in the subfund to be used for the regulation, administration, enforcement, and investigation of sports wagering activities.
15. Requires the holder of a sports wagering certificate to pay a fee for the certificate. The certificate shall be for a term of 5 years and shall cost \$100,000.
16. Levies a 13% tax on the net proceeds of sports wagering conducted in the state and requires 1/13th of the avails of the tax, not to exceed \$750,000, to be credited annually to the Compulsive and Problem Gaming Fund; 10/13ths of the avails of the tax be credited to the La. Early Childhood Education Fund; and 2/13ths of the avails of the tax to be remitted to each parish governing authority in proportion to the amount of proceeds derived from the taxable conduct occurring in that parish.
17. Provides relative to the effectiveness of the proposed law.
18. Makes technical changes.

### **Digest of Bill as Finally Passed by Senate**

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 an 18.5% tax on the net revenue of fantasy sports contests conducted in the state and requires 2% of the 18.5% tax be deposited into the Compulsive and Problem

Gaming Fund, 3% of the 18.5% tax be remitted to each municipality or parish governing authority in which the taxable conduct occurred, and the remainder of the 18.5% of the tax be deposited into the La. Early Childhood Education Fund.

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 initial fee for a fantasy sports contest license or permit for an operator who has not been licensed in La. to be \$5,000.

Proposed law requires the annual renewal fee for a fantasy sports contest license or permit be submitted to the division on the anniversary date of the issuance of the license or permit in the following amounts:

- (1) \$5,000 if the licensee's annual revenue is less than \$100,000.
- (2) \$15,000 if the licensee's annual revenue is more than \$100,000 but less than \$300,000.
- (3) \$40,000 if the licensee's annual revenue is more than \$300,000.

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 authorizes the imposition of a civil penalty for certain gaming violations. The penalty shall not exceed \$100,000 per violation.

Proposed law retains present law and imposes an annual fee of \$15,000 for a manufacturer permit required by an entity that supplies sports wagering systems.

Present law imposes an annual fee of \$3,000 for a gaming supplier permit required by entities which furnish services to gaming licensees. Proposed law retains present law and imposes the fee on entities furnishing services to sports wagering service providers or licensees.

Present law imposes an annual fee of \$250 for a non-gaming supplier permit required by entities which furnish services to gaming licensees. Proposed law retains present law and imposes the fee on entities furnishing services to sports wagering service providers or licensees.

Proposed law imposes a fee for the initial application for a non-key gaming employee to work with a sports wagering service provider to be \$200 and the renewal fee to be \$200.

Proposed law imposes a fee for the initial application for a key gaming employee to work with a sports wagering service provider to be \$500 and the renewal fee to be \$200.

Proposed law establishes the Sports Wagering Enforcement Subfund within the Riverboat Gaming Enforcement Fund. Proposed law requires monies in the subfund to be used by the Dept. of Public Safety and Corrections, the Dept. of Justice, and the La. Gaming Control Board for expenses related to the regulation, administration, enforcement, and investigation of sports wagering activities.

Proposed law imposes a nonrefundable initial application fee of \$50,000 for a sports wagering certificate. The certificate shall be issued upon approval by the board of the application and payment of the fee. Proposed law imposes a renewal fee on the holder of a sports wagering certificate. The certificate shall be for a term of 5 years and shall cost

\$100,000.

Proposed law levies a 13% tax on the net proceeds of sports wagering conducted in the state and requires that 1/13th of the avails of the tax, not to exceed \$750,000, be credited to the Compulsive and Problem Gaming Fund annually. Proposed law requires that 10/13ths of the avails of the tax be deposited into the Early Childhood Education Fund and 2/13ths of the avails of tax be remitted to parish governing authorities where the gaming occurred.

Proposed law requires that in the event of a conflict between the provisions of Section 1 of this bill and House Bill No. 459 of the 2019 R.S. the provisions of this Act will superseded those of the Act which originated as House Bill No. 459.

Proposed law requires that Section 1 of this bill become effective July 1, 2019, but shall not be implemented until the La. Gaming Control Board promulgate rules and regulations regarding fantasy sports contests.

Proposed law requires that Section 2 of this bill become effective if the Act which originated as House Bill No. 459 of the 2019 R.S. be enacted and includes an election on the authorization of sports wagering in Louisiana.

Effective upon the signature of the governor.

(Amends R.S. 27:15(D) and (E), 29.1(D) and (E), 29.2 (A) and (B), 29.3 (A)(1) and (2), and 29.4(D); Adds R.S. 27:29.1, 92(D), 302(3), 306, 307, 609, and 610)