
The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Dawn Romero Watson.

DIGEST

SB 202 Original

2021 Regular Session

Cortez

Proposed law enacts the "Louisiana Sports Wagering Act".

Present law vests all regulatory authority, control, and jurisdiction over all aspects of gaming activities and operations of riverboats, the land-based casino, video poker, and fantasy sports contests with the Louisiana Gaming Control Board (board).

Proposed law retains present law and adds authority, control, and jurisdiction for the board over sports wagering.

Proposed law specifically provides that any license, permit, approval, or thing obtained or issued pursuant to proposed law is expressly declared by the legislature to be a pure and absolute revokable privilege and not a right, property or otherwise, under the federal or state constitution.

Proposed law provides for definitions and requires the board to adopt rules in accordance with the Administrative Procedure Act to:

- (1) Develop qualifications and standards and a process and procedure for the licensure of sports wagering establishments as well as the renewal, suspension, and revocation of a license.
- (2) Develop qualifications and standards and a procedure and process for approval and permitting of sports wagering platform providers, sports wagering service providers, distributors, manufacturers, vendors, suppliers, personnel, and retail establishments as well as the renewal, suspension, and revocation of a permit.
- (3) Promulgate forms, processes, and procedures necessary to implement, administer, and regulate sports wagering as authorized by proposed law.
- (4) Establish standards for the amount of reserves required to be maintained by an operator and the allowable form of those reserves, including standards for initial reserves for a newly licensed sports wagering establishment or newly permitted sports wagering platform provider.
- (5) Establish guidelines for the acceptance of wagers on a series of sports events by a sports book operator.
- (6) Determine the maximum number and amount of wagers which may be accepted by an operator from any one patron on any one sports event.

- (7) Prohibit an operator from unilaterally rescinding a wager unless approved by the board to do so.
- (8) For cash wagers placed in-person or via a sports wagering mechanism, establish standards for the type of wagering tickets which may be used, information required to be printed on a ticket, and methods for issuing tickets.
- (9) Establish the method of accounting to be used by operators, the types of records required to be kept, and the length of time records shall be retained.
- (10) Require operators to comply with anti-money laundering standards and practices.
- (11) Provide standards for the use of credit and checks by players and other protections for players.
- (12) Establish internal controls for all aspects of electronic wagering, including procedures for system integrity, system security, operations, accounting, and reporting of problem gamblers.
- (13) Establish operational controls for server-based gaming systems, software and hardware utilized on electronic sports wagering, including but not limited to appearance, functionality, contents, collection, storage, and retention of data and security.
- (14) Establish operational controls for sports wagering accounts, including but not limited to procedures for establishment and closure of an online account, funding of withdrawal of funds from an online account, and generation of an account statement for a patron's online account.
- (15) Establish standards for servers and other equipment used to accept wagers by operators and procedures for inspection and for addressing defective or malfunctioning devices, equipment, and accessories related to sports wagering.
- (16) Establish standards and a process for approval for permitting retail establishments for hosting of sports wagering mechanisms.
- (17) Require that an amount equal to or greater than 10% of all sports wagering booked by an operator on any event be on deposit in a Louisiana chartered bank and that a dollar amount equal to or greater than 10% of the total amount held by an operator in patron's sports wagering accounts be on deposit in a Louisiana chartered bank.

Proposed law authorizes emergency rulemaking procedures to be used for the initial promulgation of administrative rules.

Proposed law provides that the board shall follow its regulatory processes for dispute resolution for disputes arising from sports wagering.

Proposed law provides that the gaming division of state police shall, at all times deemed appropriate by the board, be charged with inspecting and ensuring compliance with all the requirements of proposed law and with any other tasks deemed necessary by the board to the regulation of sports wagering in this state.

Proposed law requires the board, following consultation with operators, to annually report to the legislature on the impact of sports wagering on sports events, on problem gamblers, and on gambling addiction in the state. Provides that any costs associated with the preparation and distribution of the report shall be borne by the licensees. Requires the board to also report annually to the legislature on the effectiveness of the statutory and regulatory controls in place to ensure the integrity of gaming operations, including online wagering.

Proposed law provides that no person, business, or legal entity shall operate a sports book without first being licensed by the board and that a sports wagering license shall be in addition to any other license.

Proposed law provides that in addition to the license for the Louisiana Lottery Corporation the board shall issue no more than 20 licenses to operate a sports book. Provides that the board shall first consider applications for licensing from the following:

- (1) The landbased casino.
- (2) The fifteen licensed riverboats.
- (3) The four live horse racing tracks, provided that the applicant has the approval of the Louisiana State Racing Commission to apply to be licensed for a sports book.

Proposed law provides that should any of the initial eligible applicants not have an active license or fail to submit a completed application or elect not to apply for a license by January 1, 2022, it shall no longer be considered for a license and the board may consider for the remaining licenses, applications from:

- (1) Video poker licensed establishments; however, any applicant that is also licensed as an offtrack betting parlor shall also have the Louisiana State Racing Commission's approval to apply to be licensed for a sports book.
- (2) Fantasy sports operators.

Proposed law provides that in the event the number of applications received by the board exceeds the number of licenses available, the board shall provide for a concealed bid process and award the available licenses to suitable bidders, in accordance with the board's ranking of the bids by potential for revenue generation for the state.

Proposed law provides that in addition to the 20 licenses authorized by proposed law, the board may authorize an additional license for the Louisiana Lottery Corporation. Provides that any license

issued for the Louisiana Lottery Corporation shall be limited to electronic wagering and any sports wagering machines, website, and mobile applications utilized to conduct sports wagering on the lottery's behalf shall be branded as the Louisiana Lottery.

Proposed law provides that the board shall only award a license to operate a sports book to an applicant that it determines to be suitable, and specifically provides other information that the board may consider in addition to the information the board uses in determining suitability for other gaming licenses.

Proposed law provides that except for the Louisiana Lottery Corporation, each applicant shall submit as part of its application a detailed plan of design of its sports book lounge and other areas of its establishment where sports wagering mechanisms may be placed. Requires the board to only award a license to an applicant whose detailed plan of design the board finds acceptable.

Proposed law provides that in addition to the license for the Louisiana Lottery Corporation, the board shall award not more than 20 licenses on applications that meet the provisions of proposed law and all other qualifications and standards as determined by the board.

Proposed law provides that a licensed sports wagering establishment may operate the sports book itself or contract for operation of its onsite or its mobile operation with a sports wagering platform provider. Provides that only a licensed sports wagering establishment or its sports wagering platform provider may process, accept, offer, or solicit sports wagers.

Proposed law specifically provides that a licensed sports wagering establishment shall be responsible for the conduct of its sports wagering platform provider.

Proposed law provides that prior to beginning operations, a licensed sports wagering establishment shall install and thereafter maintain sports wagering platform that meets the specifications required by law and by rule and approved by the board.

Proposed law requires a sports wagering platform provider to contract with a licensee to provide sports wagering services and provides that the terms of the contract shall be approved by the board prior to the platform provider engaging in sports wagering activities on behalf of the licensee. Requires that the contract provide access for the division and the board to any information maintained by the platform provider for verification of compliance with proposed law.

Proposed law limits an operator to one sports wagering platform to offer, conduct, or operate a sports book.

Proposed law requires that any provider of a sports wagering platform operating in this state have an information technology division of employees or independent contractors, which, at a minimum, shall be comprised of an IT department manager and a sports wagering mechanism manager who may be the same person. Requires the provider of a sports wagering platform to provide to the division a readily available point of contact to ensure compliance with the requirements of proposed law.

Proposed law requires that all servers necessary to the placement or resolution of wagers, other than backup servers, to be physically located in Louisiana.

Proposed law requires that the sports wagering platform utilized for electronic wagering have a component of its design to reasonably verify that the person attempting to place the wager is:

- (1) At least 21 years of age.
- (2) Physically located in the state and not physically located in a parish that has not approved sports wagering at the time the wager is initiated or placed.
- (3) Not a person who is otherwise prohibited from wagering with the operator through law, rule, policy of the operator, self-exclusion, or the compulsive and problem gaming program.

Proposed law prohibits a sports wagering platform provider from owning, directly or indirectly, any portion of a distributor.

Proposed law provides that the board shall permit retail establishments for the hosting of sports wagering mechanisms. An eligible retail establishment shall include an establishment that has a bar or restaurant license for the sale of alcoholic beverages for on-premises consumption shall be eligible and other establishments as determined by the board. Provides that a retail establishment eligible for licensing shall not include any premises leased to or utilized by a bonafide nonprofit organization for the conducting of charitable gaming nor any convenience store, quick-stop, food-mart, service station, grocery store, barber shop, laundromat or washateria, package or discount liquor or cigarette establishment, movie theater, or beauty shop and other establishments as determined by the board.

Proposed law provides that a permitted retail establishment may enter an agreement with an operator or service provider or distributor on the operator's behalf to host a sports wagering mechanism. Provides that the terms of the agreement shall be approved by the board and any such agreement shall not have an original term or any renewal terms of more than one year.

Proposed law requires each licensee to house its sports book in a sports wagering lounge on its premises and that the premises be restricted to patrons who are 21 years of age or older and that the lounge conform to all requirements concerning square footage, design, equipment, security measures, and related matters which the board shall prescribe by rule. Provides an exception to the sports wagering lounge for the Louisiana Lottery who shall only conduct sports wagering via a sports wagering mechanism at an approved retail establishment and through a website or mobile application.

Proposed law requires an operator to establish and display the odds at which wagers may be placed on sports events. Prohibits an operator from accepting a wager in-person, via a sports wagering mechanism, or through a website or mobile application unless the wagering proposition is posted by electronic or manual means.

Proposed law requires an operator to adopt comprehensive rules governing sports wagering transactions with its patrons and for those rules to be subject to approval by the board. Requires the rules to specify the amount to be paid on winning wagers and the effect of schedule changes. Requires the rules, together with any other information the board deems appropriate, to be conspicuously displayed in the establishment, posted electronically on any sports wagering mechanism, website, or mobile application, and included in the terms and conditions of the sports wagering account system.

Proposed law requires an operator to maintain records of sports wagering activities and operations in accordance with rules and regulations of the board and follow anti-money laundering practices in day-to-day operations of its business.

Proposed law requires each operator to designate one or more key employees who shall be responsible for the operation of the sports book. Requires at least one of those key employees to be on the premises whenever sports wagering is conducted.

Proposed law specifies that all wagers on sports events authorized under proposed law shall be considered to be initiated, received, and otherwise made within the state unless otherwise determined by the board in accordance with applicable federal and state laws.

Proposed law authorizes an operator to pool wagers with persons who are not physically present in this state if the board determines that this wagering is not inconsistent with federal law or the law of this state, including any foreign nation, in which any such person is located, or that the wagering is conducted pursuant to a reciprocal agreement to which the state is a party that is not inconsistent with federal law.

Proposed law provides that for a player to place a sports wager with an operator and for an operator to accept a wager from a player, the player must be:

- (1) 21 years of age or older.
- (2) Physically located in a parish that has approved a proposition authorizing sports wagering at the time the wager is initiated or placed.
- (3) Have a wagering account established with the operator if the player is attempting to place an sports wager online through a website or mobile application.
- (4) Not be prohibited from wagering with the operator by law, rule, policy of the operator, self-exclusion, or the compulsive and problem gambling program.

Proposed law prohibits an operator from knowingly accepting wagers from a person who is an athlete, coach, referee, or other official or staff of a participant or team that is participating in the sports event on which the person is attempting to place the wager. Also prohibits an operator from knowingly accepting a wager from a person who is the operator itself or is a director, officer, owner, or employee of the operator or any relative or other person living in the same household as a director,

officer, owner, or employee of the operator.

Proposed law prohibits an operator from accepting or paying on a wager that is:

- (1) On any sport or athletic event not authorized by law or the board.
- (2) On any sport or athletic event which the operator knows or reasonably should know is being placed by or on behalf of an official, owner, coach, or staff of a participant or team that participates in that event.
- (3) A single act in a team event solely in the control of one participant acting independently.
- (4) On the occurrence of injuries or penalties, or the outcome of a player's disciplinary rulings, or replay reviews.

Proposed law, subject to the rules of the board, requires an operator to immediately report to the board on:

- (1) Any criminal or disciplinary proceedings commenced against the licensee or its employees, or a sports wagering platform provider or its employees, in connection with the operations of the sports book.
- (2) Any abnormal wagering activity or patterns that may indicate a concern about the integrity of a sports event.
- (3) Any other conduct with the potential to corrupt a wagering outcome of a sports event for purposes of financial gain, including but not limited to match fixing.
- (4) Suspicions or illegal wagering activities, including the use of funds derived from illegal activity, wagers to conceal or launder funds derived from illegal activity, use of agents to place wagers, or use of false identification.

Proposed law requires an operator to adopt a procedure to obtain personally identifiable information from any individual who places an in-person single wager in an amount of \$10,000 or greater on a sports event.

Proposed law, regarding sports wagering mechanism, provides that a player can place a wager with cash or utilizing the player's established sports wagering account. Requires that sports wagering mechanisms only be located in areas where accessibility is limited to patrons 21 years of age or older and may be located in:

- (1) The licensee's sports wagering lounge and other restricted locations on its premises.
- (2) A restricted location within a permitted retail establishment.

- (3) A licensed offtrack wagering facility if the live race track is a licensed sports wagering establishment.
- (4) At other restricted locations as approved by the board.

Proposed law requires that the sports wagering mechanisms shall be branded in the same brand as the licensee.

Proposed law provides that any sports wager placed with cash via a sports wagering mechanism shall be evidenced by a ticket indicating the name of the operator booking the wager, the sports event on which the wager was placed, the amount of cash wagered, the type of bet and odds if applicable, the date of the event, and any other information required by the board. Provides that sports wagering mechanisms shall not be utilized by a patron to collect on a winning ticket; requires a patron with a winning ticket to redeem the ticket at the establishment of the licensee that booked the wager within one year of the date of the event. Provides that notwithstanding proposed law, for the convenience of the public, the board may establish a dollar value amount for a winning ticket as a cap that a retailer may pay after the retailer performs validation procedures on the ticket.

Proposed law provides that a sports wagering mechanism may be utilized by a player to make a deposit in their sports wagering account. Also provides that all wagers place via a sports wagering mechanism through a player's established sports wagering account shall be settled through the player's wagering account.

Proposed law, relative to mobile gaming, provides that each licensee may provide no more than two individually branded websites which may have an accompanying mobile application bearing the same brand as the website. Provides that the website and mobile application shall only be offered under the same brand as the licensed sports wagering establishment, or the sports wagering platform provider, or both. Provides that the website and mobile application shall be, at the discretion of the licensed sports wagering establishment, in addition to any other websites or mobile applications operated by the platform provider and offering other types of mobile gaming. Proposed law provides an exception for the lottery in that it requires that any website or mobile applications utilized on its behalf to conduct sports wagering shall be branded as the Louisiana Lottery.

Proposed law requires a patron to establish a wagering account with the operator before the operator may accept any online sports wager from the patron and that an initial verification of the account must be completed by the operator. Authorizes the account to be established with a line of credit or as an advance deposit wagering account. Prohibits an operator from accepting an online wager from the public or any person who does not have an established account with the operator.

Proposed law prohibits an operator from accepting a wager from a player physically located outside of Louisiana or located in a parish that did not approve sports wagering and requires an operator to maintain geofencing and geolocation services and to bear all costs and responsibilities associated therewith.

Proposed law authorizes an operator who seeks to reduce its risk exposure on a sports event to place

a wager with another book. Requires the operator that places a wager to inform the book accepting the wager that the wager is being placed by a book and to disclose its identity.

Present law prohibits gambling houses, gambling, and gambling by computer.

Proposed law retains present law, but makes an exception for gaming conducted in accordance with proposed law.

Present law provides that it is unlawful for any person under 21 years of age to play casino games, gaming devices, or slot machines.

Proposed law retains present law and includes sports wagering to casino games that persons under 21 years of age are prohibited from playing.

Provides that the provisions of the Act shall become effective on July 1, 2021, or the date on which laws providing for the taxation of sports wagering activities and operations are enacted and become effective, whichever is later.

(Amends R.S. 13:4721, R.S. 14:90.5(A), (B), and (C), R.S. 27:3(10), (15), (17), (19) and (24), 15(B)(1), 15.1, 29(F), (H) and (I), 29.2(D), 29.3(D), 44(10), 58(5), 65(B)(11), 205(11) and (12), 239.1, 353(2) and (5), 361(F), 364(A)(1)(c)(ii) and (5), 371(C), 372(B), and 375(D); adds R.S. 14:90(E) and 90.3(K), R.S. 27:3(25) and (26) and 15(8)(c) and 601-613)