
DIGEST

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HB 697 Engrossed

2021 Regular Session

Stefanski

Abstract: Authorizes the Louisiana Lottery Corporation to conduct sports wagering and levies a tax on sports wagering gaming.

Proposed law provides for the issuance of fees and collection of taxes for the regulation of sports wagering including the following changes to present law:

- (1) Adds sports wagering to prohibited "gambling" crimes.
- (2) Adds sports wagering to definitions of "gaming supplier", "key" and "non-key gaming employees", and "non-gaming supplier".
- (3) Adds sports wagering to \$100,000 civil penalty provisions and civil penalty schedule.
- (4) Provides that manufacturers of sports wagering mechanisms pay same fees as video poker and slot machine manufacturers.
- (5) Provides that applicable laws regarding gaming and non-gaming suppliers and key and on-key gaming employees applies to sports wagering.

Proposed law defines net gaming proceeds as the amount equal to the total gross revenue of all wagers placed by patrons less the total amount of all winnings paid out to patrons and \$2.5 million annually directly attributable to promotional play wagers

Proposed law provides for a sports wagering license fee. Provides that the initial application fee shall be \$250,000. Provides a license fee shall be \$500,000 for a term of five years. Provides that the application and license fees shall be submitted to the gaming division of state police and shall be deposited into the proposed law Sports Wagering Enforcement Fund.

Proposed law provides for a sports wagering platform provider permit fee. Provides that the initial application fee shall be \$100,000. Provides a sports wagering platform provider permit fee shall be \$250,000 for a term of five years. Provides that the application and permit fees shall be submitted to the gaming division of state police and shall be deposited into the proposed law Sports Wagering Enforcement Fund.

Proposed law provides for a sports wagering service provider permit fee. Provides that the initial application fee shall be \$10,000. Provides that the sports wagering service provider permit fee shall

be \$12,500 for a term of five years. Provides that the application and permit fees shall be submitted to the gaming division of state police and shall be deposited into the proposed law Sports Wagering Enforcement Fund.

Proposed law provides for a sports wagering distributor permit fee. Provides that the initial application fee shall be \$5,000. Provides that the sports wagering distributor permit fee shall be \$2,500 for a term of five years. Provides that the application and permit fees shall be submitted to the gaming division of state police and shall be deposited into the proposed law Sports Wagering Enforcement Fund.

Proposed law provides for a state levy of 10% tax upon the net gaming proceeds of the operator on sports wagering offered to patrons at the licensee's establishment and a state levy of 18% upon the net gaming proceeds of the operator on sports wagering offered to patrons through a website or mobile application. Provides for the taxes to be collected by the gaming division of state police and forwarded to the state treasurer for immediate deposit into the treasury.

Proposed law creates the "Sports Wagering Enforcement Fund" in the state treasury. Provides that monies in the fund shall be withdrawn only pursuant to appropriation by the legislature and used solely for the expenses of the Department of Public Safety and Corrections, the Department of Justice, and the La. Gaming Control Board as may be necessary to carry out the provisions of proposed law and the rules of the board.

Present law provides for the New Opportunities Waiver Fund as a special fund in the state treasury. Requires that monies in the fund be used solely to fund waiver services to improve the capacity of the state to meet the varying and complex needs of individuals with developmental disabilities with emphasis on increasing the number of recipients of waiver services.

Proposed law creates within the present law fund the Developmental Disability Services Subfund.

Present law provides for the operation of a state lottery by the La. Lottery Corporation.

Proposed law retains present law and authorizes the La. Lottery Corporation to operate and administer sports wagering.

Proposed law authorizes the La. Lottery Corporation through the adoption of rules to provide for the qualifications, standards, and procedures for permitting sports wagering including guidelines for the types of wagers, amounts of wagers, standards for use and protection of players, internal controls for the electronic wagering and the approval of retail establishments offering sports wagering.

Proposed law provides that the present law provisions regarding lottery retailers, vendors and criminal background checks applies to proposed law sports wagering.

Proposed law provides for a comprehensive authorization of the La. Lottery Corporation to conduct sports wagering including the following major points:

- (1) Provides for annual reports to the legislature (R.S. 47:9092).
- (2) Provides for suitability standards for operating sports wagering which are comparable to present law standards for other forms of gaming (R.S. 47:9094).
- (3) Provides for the sports wagering platform providers specifications for operation (R.S. 27:9095).
- (4) Requires sports wagering platforms to provide safeguards to make sure that a person who is attempting to wager is at least 21 years of age. (R.S. 47:9095(F)).
- (5) Provides for a sports wagering platform permit, an application fee of \$100,000 and a permit fee of \$250,000. (R.S. 47:9095(H))
- (6) Provides that a sports wagering platform provider permit has a term of five years. (R.S. 47:9095(H)).
- (7) Provides for sports wagering service providers. (R.S. 47:9095).
- (8) Provides that the application fee for a sports wagering service provider is \$10,000 and that the permit fee is \$12,500 for a five-year term. (R.S. 47:9095(D) and (E)).
- (9) Provides for limitations on who may wager, and the types of wagers which may be accepted by the operator (R.S. 47:9098).
- (10) Provides for the specifications of sports wagering mechanisms (R.S. 47:9100).
- (11) Provides for the requirements for wagering through a website or mobile application (R.S. 47:9101).
- (12) Provides for the awarding and payment of prizes (R.S. 47:9102).
- (13) Provides for withholding of prize money from persons with outstanding child support arrearages which is provided for in present law with other forms of gaming (R.S. 47:9103).

Proposed law defines retail establishments as:

- (1) Any business entity licensed or permitted under present law by the Louisiana Lottery Corporation.
- (2) Any establishment that has a Class A-General retail or restaurant permit for the sale of alcoholic beverages for on premises consumption.

Proposed law provides for an initial application fee of \$1,000 and a permit fee of \$100 for a one-year permit for retail establishments.

Proposed law provides that all application fees are non-refundable.

Proposed law provides that if the corporation operates its own sports book:

- (1) 30% of the net gaming proceeds of the corporation from sports wagering offered to consumers within this state shall be transferred to the Developmental Disability Services Subfund.
- (2) The remaining 70% of net gaming proceeds of the corporation from sports wagering offered to consumers within this state shall distributed as follows:
 - (a) An amount not to exceed \$500,000 of the remaining 70% of net gaming proceeds shall be credited to the La. Lottery Corporation for expenses and costs deemed necessary to administer sports wagering.
 - (b) 5% of the remaining 70% of net gaming proceeds shall be remitted, by proportionate distribution, to each parish governing authority in which the taxable sports wagering conduct occurred.
 - (c) The remaining net gaming proceeds shall be deposited into the La. Lottery Proceeds Fund provided for in present law.

Proposed law provides that if the corporation contracts with a sports wagering platform provider to operate its own sports book:

- (1) 70% of the net gaming proceeds of the corporation from sports wagering offered to consumers within this state shall be transferred to the Developmental Disability Services Subfund.
- (2) The remaining 30% of net gaming proceeds of the corporation from sports wagering offered to consumers within this state shall distributed as follows:
 - (a) An amount not to exceed \$500,000 of the remaining 30% of net gaming proceeds shall be credited to the La. Lottery Corporation for expenses and costs deemed necessary to administer sports wagering.
 - (b) 5% of the remaining 30% of net gaming proceeds shall be remitted, by proportionate distribution, to each parish governing authority in which the taxable sports wagering conduct occurred.
 - (c) The remaining net gaming proceeds shall be deposited into the La. Lottery Proceeds Fund provided for in present law.

(Amends R.S. 13:4721, R.S. 14.90.5(A) through (C), R.S. 27:3(10), (15), (17), and (19), 15(D) and (E), 29.1(D) and (E), 29.2(A), (B), (D), and (E), 29.3(A), 29.4(D), R.S. 47:9001, 9002, 9006(B),

9009(B) and (C), 9010(E), 9015(D), and 9029(A)(1); and Adds R.S. 14:90(E) and 90.3(K), R.S. 27:92(D), R.S. 27:621-627, R.S. 39:100.61(D), and R.S. 47:9091-9105)