

2023 Regular Session

HOUSE BILL NO. 566

BY REPRESENTATIVE GREEN

Prefiled pursuant to Article III, Section 2(A)(4)(b)(i) of the Constitution of Louisiana.

GAMING: Amends provisions of the Louisiana Sports Wagering Act regarding sports wagering kiosks operated by the Louisiana Lottery Corporation

1

AN ACT

2 To amend and reenact R.S. 47:9006(B), 9009(B)(1) and (C), 9010(E), 9015(D), and
3 9029(A)(1), to enact Part V of Chapter 10 of Title 27 of the Louisiana Revised
4 Statutes of 1950, to be comprised of R.S. 27:641 through 657, and to repeal R.S.
5 13:4721(C), R.S. 14:90(E) and 90.3(K), R.S. 47:9001(B), 9002(22 through 29), and
6 Chapter 10 of Title 47 of the Louisiana Revised Statutes of 1950, comprised of R.S.
7 47:9091 through 9107, relative to sports wagering; to provide for definitions; to
8 authorize sports wagering in certain establishments; to require certain licenses and
9 permits; to require certain fees; to levy certain taxes; to provide relative to the
10 administration of sports wagering gaming; to remove the regulatory authority of the
11 Louisiana Lottery Corporation regarding sports wagering; to provide relative to
12 duties and powers of the Louisiana Gaming Control Board; to provide relative to
13 duties and powers of the gaming division in the office of state police; to provide for
14 the collection and disposition of certain monies; to create the Sports Wagering
15 Mechanism Wagering Enforcement Fund; to authorize electronic sports wagering;
16 to provide for a public records exception; to provide relative to administrative rules;
17 to provide relative to contracts; to provide relative to suitability; to provide relative
18 to sports wagering mechanisms; to provide relative to sports wagering winnings and
19 prizes; to provide relative to sports wagering tickets; to provide relative to state

1 revenues; to provide for certain requirements, conditions, and limitations; to provide
2 for effectiveness; and to provide for related matters.

3 Be it enacted by the Legislature of Louisiana:

4 Section 1. Part V of Chapter 10 of Title 27 of the Louisiana Revised Statutes of
5 1950, comprised of R.S. 27:641 through 657, is hereby enacted to read as follows:

6 **CHAPTER 10. SPORTS WAGERING**

7 **PART V. SPORTS WAGERING MECHANISMS OR KIOSKS**

8 §641. Conduct and administration of sports wagering; powers and duties of board;
9 applicability authorizes contracts

10 A. Any permit obtained or issued pursuant to the provisions of this Part is
11 expressly declared by the legislature to be a pure and absolute revocable privilege
12 and not a right, property or otherwise, under the constitution of the United States or
13 of the state of Louisiana. Further, the legislature declares that no holder of any
14 permit acquires any vested interest or right therein or thereunder.

15 B. A licensed permittee shall be authorized to conduct sports wagering
16 pursuant to the provisions of this Chapter.

17 C. The board shall, in accordance with the Administrative Procedure Act,
18 promulgate rules, forms, and procedures necessary to implement, administer, and
19 regulate sports wagering authorized pursuant to this Part. The rules shall include:

20 (1) Qualifications, standards, and procedures for permitting sports wagering
21 platform providers, sports wagering service providers, distributors, manufacturers,
22 vendors, suppliers, personnel, and retail establishments pursuant to this Chapter.

23 (2) Standards and procedures for renewing, suspending, and revoking
24 permits.

25 (3) Guidelines for the acceptance of sports wagers.

26 (4) The maximum number and amount of wagers which may be accepted by
27 a sports wagering mechanism from any one patron on any one event.

28 (5) Prohibitions on unilaterally rescinding wagers.

1 (6) The type of wagering tickets used, information required to be printed on
2 the ticket, and methods for issuing tickets.

3 (7) The types of records required to be kept and the length of time records
4 shall be retained.

5 (8) Requirements that a sports wagering platform provider comply with anti-
6 money laundering standards.

7 (9) Internal controls for all aspects of electronic wagering, including
8 procedures for system integrity, system security, operations, accounting, and
9 reporting of problem gamblers.

10 (10) Establish suitability requirements for applicants and permittees pursuant
11 to this Part.

12 (11) Establish standards and a procedure for approval of retail establishment
13 permits to host sports wagering mechanisms.

14 §642. Reporting

15 The board shall produce an annual report and distribute the report to the
16 legislature. The report shall include the impact of sports wagering on sports events,
17 retail establishments, problem gamblers, and on the gambling addiction in Louisiana.

18 The report shall be prepared by a private organization or entity with expertise in
19 serving the needs of persons with gambling addictions.

20 §643. Permitting; other requirements

21 A. No person, business, or legal entity shall operate a sports book on behalf
22 of the board without first being permitted in accordance with this Chapter. To
23 conduct business with the board related to sports wagering authorized pursuant to
24 this Chapter, all sports wagering service providers, distributors, manufacturers,
25 vendors, suppliers, personnel, or retail establishments shall be permitted in
26 accordance with this Chapter.

27 B. All sports wagering platform providers requesting a permit pursuant to
28 this Part shall be permitted by the board only if the applicant meets the suitability
29 standards provided for in R.S. 27:644.

1 C. The board shall provide by administrative rules the qualifications and
2 suitability standards for sports wagering service providers, distributors,
3 manufacturers, vendors, suppliers, personnel, and retail establishments.

4 §644. Suitability; sports wagering platform providers

5 A. No person shall be eligible to obtain a sports wagering platform provider
6 permit pursuant to this Chapter unless the applicant has demonstrated by clear and
7 convincing evidence to the board that he is suitable. For the purposes of this
8 Chapter, "suitable" means the applicant or permittee is:

9 (1) A person of good character, honesty, and integrity.

10 (2) A person whose prior activities, criminal record, if any, reputation,
11 habits, and associations do not pose a threat to the public interest of this state or to
12 the effective regulation and control of gaming, or create or enhance the dangers of
13 unsuitable, unfair, or illegal practices, methods, and activities in the conduct of
14 gaming or carrying on of the business and financial arrangements incidental thereto.

15 (3) Capable of and likely to conduct the activities for which the applicant or
16 permittee is approved or permitted pursuant to the provisions of this Chapter.

17 (4) Not disqualified pursuant to the provisions of Subsection B of this
18 Section.

19 B. The board shall not grant approval or a permit pursuant to the provisions
20 of this Chapter to any person who is disqualified on the basis of the following
21 criteria:

22 (1) The conviction or a plea of guilty or nolo contendere by the applicant or
23 any person required to be suitable under the provisions of this Chapter for any of the
24 following:

25 (a) Any offense punishable by imprisonment of more than one year.

26 (b) Theft or attempted theft, illegal possession of stolen things, or any
27 offense or attempt involving the misappropriation of property or funds.

28 (c) Any offense involving fraud or attempted fraud, false statements or
29 declarations.

1 (d) Gambling as defined by the laws or ordinances of any municipality, any
2 parish or county, any state, or of the United States.

3 (e) A crime of violence as defined in R.S. 14:2(B).

4 (2) A current prosecution or pending charge against the person in any
5 jurisdiction for any offense listed in Paragraph (1) of this Subsection.

6 (3) The person is not current in filing all applicable tax returns and in the
7 payment of all taxes, penalties, and interest owed to the state of Louisiana or any
8 political subdivision of Louisiana, excluding items under formal appeal.

9 (4) The failure to provide information and documentation to reveal any fact
10 material to a suitability determination, or the supplying of information which is
11 untrue or misleading as to a material fact pertaining to the suitability criteria.

12 C.(1) In the awarding of a permit pursuant to the provisions of this Chapter,
13 a conviction or plea of guilty or nolo contendere by the applicant shall not constitute
14 an automatic disqualification as otherwise required pursuant to the provisions of
15 Subparagraphs (B)(1)(a) through (d) of this Section if either of the following are
16 true:

17 (a) Ten or more years have elapsed between the date of application and the
18 successful completion or service of any sentence, deferred adjudication, or period of
19 probation or parole.

20 (b) Five or more years have elapsed between the date of application and the
21 successful completion of any sentence, deferred adjudication, or period of probation
22 or parole and the conviction for an offense defined in Subparagraph (B)(1)(b) of this
23 Section was a misdemeanor offense.

24 (2) The provisions of Paragraph (1) of this Subsection shall not apply to any
25 person convicted of a crime of violence as defined in R.S. 14:2(B).

26 (3) Notwithstanding any provision of law to the contrary, the board may
27 consider the seriousness and circumstances of any offense, arrest, or conviction in
28 determining suitability in accordance with Subsection A of this Section.

1 D. An applicant who is not disqualified as a result of Subsection B of this
2 Section shall be required to demonstrate to the board that he otherwise meets the
3 remaining requirements for suitability, particularly those contained in Paragraphs
4 (A)(1) through (3) of this Section. Evidence of, or relating to, an arrest, summons,
5 charge, or indictment of an applicant, or the dismissal thereof, may be considered by
6 the board even if the arrest, summons, charge, or indictment results in acquittal,
7 deferred adjudication, probation, parole, or pardon.

8 E. A person who has been found unsuitable or whose permit has been
9 revoked, in this state or any other jurisdiction, may not apply for a permit or a
10 finding of suitability for five years from the date there was a finding of unsuitability,
11 or the permit was revoked, unless the board allows the application for good cause
12 shown. The board shall promulgate rules necessary to carry out the provisions of
13 this Section.

14 F. All permittees and other persons found suitable by the board shall
15 maintain suitability throughout the term of the permit. In the event of a current
16 prosecution of an offense as provided in Paragraph (B)(2) of this Section, the board
17 shall have the discretion to defer a determination on a person's continuing suitability
18 pending the outcome of the proceedings provided that if a decision is deferred
19 pending such outcome the board may take such action as is necessary to protect the
20 public trust, including the suspension of any permit.

21 G. All permittees and any other persons required to be found suitable shall
22 have a continuing duty to inform the board of any possible violation of this Chapter
23 and of any rules adopted by the board. No person who so informs the board of a
24 violation or possible violation shall be discriminated against by the applicant or
25 permittee because of supplying such information.

26 H.(1)(a) Any person who has or controls directly or indirectly five percent
27 or more ownership, income, or profit or economic interest in an entity which has or
28 applies for a sports wagering platform provider permit pursuant to the provisions of
29 this Chapter, or who receives five percent or more revenue interest in the form of a

1 commission, finder's fee, loan repayment, or any other business expense related to
2 the gaming operation, or who has the ability or capacity to exercise significant
3 influence over a permittee or other person required to be found suitable pursuant to
4 the provisions of this Chapter, shall meet all suitability requirements and
5 qualifications pursuant to the provisions of this Chapter.

6 (b) In determining whether a person has significant influence for purposes
7 of this Section, the board may consider but is not limited to the following:
8 management and decision-making authority; operational control; financial
9 relationship; receipt of gaming revenue or proceeds; financial indebtedness; and
10 gaming related associations.

11 (2)(a) A lessor of immovable property forming any part of the complex of
12 a sports wagering operation pursuant to this Chapter is required to submit to
13 suitability.

14 (b) Notwithstanding anything contained in this Part to the contrary, the
15 obligations to the board of the real estate lessor of a permittee who receives less than
16 two percent of the net gaming proceeds of a permittee and who is not involved in the
17 day-to-day operations of the permittee shall be to provide such financial information,
18 documentation, and necessary release forms for the board to make a determination
19 that no person who fails to meet suitability requirements is receiving any funds
20 received by the lessor from the permittee, or is participating in the management of
21 the affairs or business operations of the lessor.

22 I. If the board finds that an individual owner or holder of a security of a
23 permittee, or of a holding or intermediary company of a permittee, or any person or
24 persons with an economic interest in a permittee, or a director, partner, officer, or
25 managerial employee is not suitable, and if as a result, the permittee is no longer
26 qualified to continue as a permittee, the board shall propose action necessary to
27 protect the public interest, including the suspension or revocation of the permit. The
28 board may also issue under penalty of revocation or suspension of a permit, a

1 condition of disqualification naming the person or persons and declaring that such
2 person or persons may not:

3 (1) Receive dividends or interest on securities of a person, or a holding or
4 intermediary company of a person, holding an approval or permit.

5 (2) Exercise directly, or through a trustee or nominee, a right conferred by
6 securities of a person, or a holding or intermediary company of a person, holding an
7 approval or permit, issued pursuant to the provisions of this Chapter.

8 (3) Receive remuneration or other economic benefit from any person, or a
9 holding or intermediary company of a person, holding an approval or permit issued
10 pursuant to this Chapter.

11 (4) Exercise significant influence over activities of a person, or a holding or
12 intermediary company of a person, holding a license, casino operating contract,
13 permit, or other approval issued pursuant to the provisions of this Chapter.

14 (5) Continue owning or holding a security of a person, or a holding or
15 intermediary company of a person, holding an approval or permit issued pursuant to
16 the provisions of this Chapter or remain as a manager, officer, director, or partner of
17 a permittee.

18 J. In the awarding of an approval or permit pursuant to the provisions of this
19 Chapter, the board may consider that the person is not current in filing all applicable
20 tax returns and in the payment of all taxes, penalties, and interest owed the Internal
21 Revenue Service, excluding items under formal appeal.

22 K. In determining the suitability of an application, the board may request
23 from an applicant and consider any of the following:

24 (1) Whether the applicant has adequate capital, financial ability, and means
25 to develop, construct, operate, and maintain infrastructure to support sports wagering
26 activities and operations in compliance with this Part and any administrative rules
27 promulgated by the board.

28 (2) Whether the applicant has the financial ability to purchase and maintain
29 adequate liability and casualty insurance and to provide an adequate surety bond.

1 (3) Whether the applicant has adequate capital and the financial ability to
2 responsibly pay its secured and unsecured debts in accordance with its financing
3 agreements and other contractual obligations.

4 (4) Whether the applicant has a history of material noncompliance with
5 licensing or permitting requirements or any other regulatory requirements in
6 Louisiana or in any other jurisdiction, where the noncompliance resulted in
7 enforcement action by the person with jurisdiction over the applicant.

8 (5) Whether the applicant has filed, or had filed against it, a proceeding for
9 bankruptcy or has ever been involved in any formal process to adjust, defer, suspend,
10 or otherwise negotiate the payment of any debt.

11 (6) Whether or not at the time of the application, the applicant is a defendant
12 in litigation involving the integrity of its business practices.

13 §645. Sports wagering platform provider; permit; fee

14 A. The board may issue a sports wagering platform provider permit to
15 suitable persons to contract with the board to manage or operate the corporation's
16 sports book line-of-business. No person shall manage or operate the corporation's
17 sports book without a valid permit.

18 B. In addition to the requirements set forth in R.S. 27:644, the board shall
19 provide by rule for the standards and requirements of any sports wagering platform.
20 The rules shall specify technical requirements as well as operational requirements.

21 C. Any contract between the board and a sports wagering platform provider
22 shall provide for access to the board of any information maintained by the platform
23 provider for verification of compliance with this Part.

24 D. A sports wagering platform provider shall use no more than one sports
25 wagering platform to offer, conduct, or operate a sports book on behalf of the board.

26 E. A sports wagering platform provider shall keep books and records for the
27 management and operation of sports wagering as authorized by this Part and for
28 services for which it is contracted by the board. The keeping of books and records
29 shall be separate and distinct from any other business the sports wagering platform

1 provider might operate. A sports wagering platform provider shall file quarterly
2 returns with the board listing all of its contracts and services related to sports
3 wagering authorized under this Chapter.

4 F. All servers necessary for the placement or resolution of wagers, other than
5 backup servers, shall be physically located in Louisiana.

6 G. Any sports wagering platform utilized for electronic wagering shall have
7 a component of its design to reasonably verify that the person attempting to place the
8 wager is at least twenty-one years of age, physically located in the state, and not
9 physically located in a parish that has not approved a proposition to authorize sports
10 wagering at the time the wager is initiated or placed.

11 H.(1) The initial application fee for a sports wagering platform provider
12 permit shall be one hundred thousand dollars and shall be nonrefundable. The initial
13 application fee shall be submitted to the board at the time of application.

14 (2) The permit fee for a sports wagering platform provider permit issued
15 pursuant to this Section shall be two hundred fifty thousand dollars. The permit shall
16 be for a term of five years. The permit fee shall be submitted to the board on the
17 anniversary date of the issuance of the permit every five years.

18 I. The provider of a sports wagering platform shall provide the board with
19 a readily available point of contact to ensure compliance with the requirements of
20 this Part.

21 §646. Sports wagering service providers; permit; fee

22 A. The board shall issue a sports wagering service provider permit to suitable
23 persons which contract with an operator to provide support services for an operator's
24 sports book. A person shall not provide support services to the operator without a
25 valid permit.

26 B. Any contract between the board and a sports wagering service provider
27 shall provide for access to the board of any information maintained by the platform
28 provider for verification of compliance with this Part.

1 C. A sports wagering service provider shall keep books and records for the
2 management of sports wagering as authorized by this Part and for services for which
3 it is contracted by the operator. The keeping of books and records shall be separate
4 and distinct from any other business the sports wagering service provider might
5 operate. A sports wagering service provider shall file quarterly returns with the board
6 listing all of its contracts and services related to sports wagering authorized under this
7 Chapter.

8 D. The initial application fee for a sports wagering service provider permit
9 shall be ten thousand dollars and shall be nonrefundable. The initial application fee
10 shall be submitted to the board at the time of application.

11 E. The permit fee for a sports wagering service provider permit issued
12 pursuant to this Section shall be twelve thousand five hundred dollars. The permit
13 shall be for a term of five years. The permit fee shall be submitted to the board on the
14 anniversary date of the issuance of the permit every five years. The first permit
15 payment shall be submitted to the board at the time of application.

16 §647. Sports wagering distributor; permit; fees

17 A.(1) The board may issue a sports wagering distributor permit to any suitable
18 business or legal entity that markets, buys, sells, leases, services, or repairs sports
19 wagering mechanisms in this state. No person shall market, buy, sell, lease, service,
20 or repair a sports wagering mechanism without a valid permit.

21 (2) Notwithstanding the provisions of Paragraph (1) of this Subsection, only
22 distributors domiciled in Louisiana shall be issued a permit for the services of
23 collection and repair of sports wagering mechanisms.

24 B. Any contract between the board and a sports wagering distributor shall
25 provide for access to the board of any information maintained by the distributor for
26 verification of compliance with this Part.

27 C. The initial application fee for a sports wagering distributor permit shall be
28 five thousand dollars and shall be nonrefundable. The initial application fee shall be
29 submitted to the board at the time of application.

1 D. The permit fee for a sports wagering distributor permit issued pursuant to
2 this Section shall be two thousand five hundred dollars. The permit shall be for a
3 term of five years. The permit fee shall be submitted to the board on the anniversary
4 date of the issuance of the permit every five years. The first permit payment shall be
5 submitted to the board at the time of application.

6 E. The board shall adopt written policies and rules to guarantee that multiple
7 distributors and vendors shall contract with the operator to provide maximum
8 opportunities for economic development.

9 §648. Retail establishments; permit; fees

10 A. The board may issue a retail establishment permit to suitable persons that
11 contract with an operator to host sports wagering mechanisms. A retail establishment
12 shall not host a sports wagering mechanism without a valid permit.

13 B. For purposes of this Part retail establishment shall include:

14 (1) An establishment that has a Class A-General retail permit or a Class A-
15 Restaurant permit as defined in Part II of Part 1 or Part II of Part 2 of Title 26 of the
16 Louisiana Revised Statutes of 1950, for the sale of alcoholic beverages for on-
17 premises consumption and that is located in a parish that approved a proposition to
18 authorize sports wagering.

19 (2) An establishment that holds a retail food establishment permit from the
20 office of public health issued pursuant to the provisions of LAC 51:XXIII.101 et seq.
21 and that is located within a parish that approved a proposition to authorize sports
22 wagering but due to local and municipal laws and ordinances is prohibited from
23 holding a Class A-General retail permit or a Class A-Restaurant permit as defined in
24 Part II of Part 1 or Part II of Part 2 of Title 26 of the Louisiana Revised Statutes of
25 1950 for the sale of alcoholic beverages for on-premises consumption.

26 C. The initial application fee for a sports wagering retail establishment permit
27 shall be one thousand dollars and shall be nonrefundable. The initial application fee
28 shall be submitted to the board at the time of application.

1 D. The permit fee for a sports wagering retail establishment permit issued
2 pursuant to this Section shall be one hundred dollars. The permit shall be for a term
3 of one year. The permit fee shall be submitted to the board on the anniversary date
4 of the issuance of the permit every year. The first permit payment shall be submitted
5 to the board at the time of application.

6 E.(1) The board shall provide by rule the minimum requirements of a contract
7 between its sports wagering platform provider and a retail establishment. The rules
8 shall include a requirement that the contract provide that in consideration for the
9 hosting of a sports wagering mechanism, the retail establishment shall be paid the
10 greater of the following each month:

11 (a) One and one-half percent of the cash accumulated in the sports wagering
12 mechanisms located on the retail establishment's premises.

13 (b) Ten percent of the net gaming proceeds of all wagers placed by patrons
14 through a sports wagering mechanism located on the premises of the retail
15 establishment and wagers placed through an operator website or mobile application
16 while the patron is located on the premises of the retail establishment.

17 (2) The monies owed to the retail establishment pursuant to Paragraph (1) of
18 this Subsection shall be remitted to the retail establishment within twenty days of the
19 end of each calendar month for the immediately preceding calendar month.

20 §649. Wagering; limitations

21 A. To place a sports wager with an operator, the board shall confirm and a
22 player shall meet all of the following requirements:

23 (1) Is twenty-one years of age or older.

24 (2) Is physically located in a parish that has approved a proposition
25 authorizing sports wagering at the time the wager is initiated or placed.

26 (3) Has a sports wagering account established with the operator if the player
27 is attempting to place a sports wager through a website or mobile application.

28 (4) Is not prohibited from wagering with the board by law, rule, policy of the
29 board, self-exclusion, or pursuant to R.S. 27:27.1.

1 B.(1) The operator shall not knowingly accept wagers from a person who is
2 an athlete, coach, referee, or other official or staff of a participant or team that is
3 participating in the sports event on which the person is attempting to place the wager.

4 (2) The operator shall not knowingly accept wagers from a person who is a
5 director, officer, owner, or employee of the operator or any relative or other person
6 living in the same household as a director, officer, owner, or employee of the
7 operator.

8 C. No sports wagers may be accepted or paid by any operator on any of the
9 following:

10 (1) Any sport or athletic event not authorized by law.

11 (2) Any sport or athletic event which the operator knows or reasonably should
12 know is being placed by or on behalf of an official, owner, coach, or staff of a
13 participant or team that participates in that event.

14 (3) A single act in a team event solely in the control of one participant acting
15 independently.

16 (4) The occurrence of injuries or penalties, or the outcome of an athlete's
17 disciplinary rulings, or replay reviews.

18 D. Any operator or permittee shall promptly report to the board on the
19 following activities:

20 (1) Any criminal or disciplinary proceedings commenced against any operator
21 or its employees, in connection with the operations of the sports book.

22 (2) Any abnormal wagering activity or patterns that may indicate a concern
23 about the integrity of a sports event.

24 (3) Any other conduct with the potential to corrupt a wagering outcome of a
25 sports event for purposes of financial gain, including but not limited to match fixing.

26 (4) Suspicious or illegal wagering activities, including the use of funds
27 derived from illegal activity, wagers to conceal or launder funds derived from illegal
28 activity, use of agents to place wagers, or use of false identification.

1 E. Operators shall establish and display the odds at which wagers may be
2 placed on sports events. Operators shall not accept a wager via a sports wagering
3 mechanism, or through a website or mobile application unless the wagering
4 proposition is posted by electronic or manual means.

5 F. Operators shall maintain records of sports wagering activities and
6 operations and follow AML practices in day-to-day operations of its business.

7 §650. Electronic wagering

8 A. Electronic wagering may be conducted only to the extent that it is
9 conducted in accordance with this Chapter and in accordance with the rules
10 promulgated by the board.

11 B. The board may accept wagers made electronically using a sports wagering
12 mechanism located on the premises of a permitted retail establishment or through a
13 website or mobile application.

14 §651. Sports wagering mechanism

15 A.(1) A player may place a wager via a sports wagering mechanism with cash
16 or utilizing the player's established sports wagering account.

17 (2) A sports wagering mechanism may be utilized by a player to make a
18 deposit in their sports wagering account.

19 B. Sports wagering mechanisms shall be located only in areas where
20 accessibility is limited to patrons twenty-one years of age or older and have been
21 permitted by the board.

22 C. Sports wagering mechanisms shall be branded as the operator.

23 D. Any sports wager placed with cash via a sports wagering mechanism shall
24 be evidenced by a ticket indicating the name of the operator, the sports event on
25 which the wager was placed, the amount of cash wagered, the type of bet and odds if
26 applicable, the date of the event, and any other information required by the board.

27 E.(1) Wagers placed via a sports wagering mechanism through a player's
28 established sports wagering account may be settled through the player's wagering
29 account. However, the player shall be prohibited from collecting winnings from the

1 sports wagering mechanism in any form other than credits to the sports wagering
2 account of the player.

3 (2) A patron with a winning ticket shall redeem the ticket at an establishment
4 designated by the board within one hundred eighty days of the date of the event
5 pursuant to R.S. 27:653.

6 F. Each sports wagering mechanism shall:

7 (1) Not have any device or program that will alter the reading of the values
8 or amounts of play to reflect values or amounts other than actually played or any
9 switches, jumpers, wire posts, or any other means of manipulation that could affect
10 the operation or outcome of a wager.

11 (2) Not have any device, switch, program, or function that can alter the
12 readings of the actual amounts or values relating to any function or occurrence of the
13 mechanism.

14 (3) Have separate secure areas with locking doors for the game logic board
15 and software, the cash compartment, and the mechanical meters as required by the
16 rules of the board. These areas must be locked and separated. Access to one from the
17 other shall not be allowed at any time.

18 (4) Not have any functions or parameters adjustable by or through any
19 separate video display or input codes, except for the adjustment of features that are
20 wholly cosmetic.

21 (5) Have a circuit-interrupting device, method, or capability which will
22 disable the machine if the board approved program is accessed or altered.

23 (6) Have a serial number or other identification number permanently affixed
24 to the mechanism by the manufacturer.

25 G. Each sports wagering mechanism shall be linked by telecommunication
26 to a central computer for purposes of polling or reading mechanism activities and for
27 central computer remote shutdown of mechanism operations. If the central computer
28 system fails as a result of a malfunction or catastrophic event, the mechanism may
29 remain in operation until the central computer system is restored.

1 H. The board may provide for additional specifications for mechanisms to be
2 approved and authorized pursuant to the provisions of this Part as it deems necessary
3 to maintain the integrity of sports wagering mechanisms and operations.

4 §652. Online and mobile wagering

5 A. Wagering through a website or mobile application shall be subject to the
6 following requirements:

7 (1) A player shall establish a sports wagering account with the operator before
8 the operator accepts any sports wager through a website or mobile application from
9 the player. The operator shall also complete an initial verification of the account prior
10 to accepting sports wagers.

11 (2) An account may be established with a line of credit or as an advance
12 deposit wagering account.

13 B. No operator shall accept a sports wager through a website or mobile
14 application from the public or any person who does not have an established account
15 with the board.

16 C. No wagers shall be placed when the player is physically located out of
17 state or in a parish that has not approved a proposition authorizing sports wagering.
18 An operator shall maintain geofencing and geolocation services.

19 §653. Prizes; payment of prizes

20 A.(1) Winning wagers that were placed via a sports wagering mechanism
21 with cash and are evidenced by a ticket receipt shall be redeemed by a player within
22 one hundred eighty days from the time of the event. The board shall pay tickets upon
23 presentation after performing validation procedures.

24 (2) Winning wagers placed using a sports wagering account shall be credited
25 by the operator to the patron's account within one day from the time of the event
26 unless otherwise allowed pursuant to the rules of the board.

27 B. The operator's obligation to pay winning tickets shall expire after one
28 hundred eighty days from the date of the event if not presented for payment.

1 Additionally, if the ticket fails to be presented for payment within the one hundred
2 eighty day period, the ticket holder waives any right to enforce payment of the ticket.

3 C. If the proceeds of any sports wagering prize issued pursuant to this Chapter
4 are five hundred dollars or more, the prize shall be subject to Louisiana state income
5 tax. Any attachments, garnishments, or executions authorized and issued pursuant to
6 law shall also be withheld if timely served upon the process agent of the board.

7 D. The board shall adopt rules to establish a system of verifying the validity
8 of tickets claimed to win prizes and to effect payment of such prizes except that:

9 (1) No prize, nor any portion of a prize, nor any right of any person to a prize
10 awarded shall be assignable. Any prize, or portion thereof, remaining unpaid at the
11 death of a prizewinner shall be paid to the estate of the deceased prizewinner or to the
12 trustee of a trust established by the deceased prizewinner as settlor, if a copy of the
13 trust document or instrument has been filed with the board, along with a notarized
14 letter of direction from the settlor, and no written notice of revocation has been
15 received by the board prior to the settlor's death. Following a settlor's death and prior
16 to any payment to such a trustee, the board shall obtain from the trustee and each trust
17 beneficiary a written agreement to indemnify and hold the board harmless with
18 respect to any claims that may be asserted against the board arising from payment to
19 or through the trust. Notwithstanding any other provisions of this Chapter, any
20 person, pursuant to an appropriate judicial order, shall be paid the prize to which a
21 winner is entitled.

22 (2) A person twenty-one years of age or older may gift a winning sports
23 wagering ticket to a person of any age. If the donee of a winning ticket is under the
24 age of twenty-one years, the board shall direct payment to a member of the person's
25 family who is twenty-one years of age or older or to the legal representative of the
26 person on behalf of such person. The person named as custodian shall have the same
27 powers and duties as prescribed for a custodian pursuant to the Uniform Transfers to
28 Minors Act.

1 (3) No prize shall be paid arising from claimed tickets that are stolen,
2 counterfeit, altered, fraudulent, unissued, produced or issued in error, unreadable, not
3 received, unclaimed, or not recorded by the board within applicable deadlines.

4 (4) No particular prize shall be paid more than once, and in the event of a
5 binding determination that more than one claimant is entitled to a particular prize, the
6 sole remedy of such claimants is the award to each of them an equal share in the prize.

7 E. No prize shall be paid upon a ticket purchased or sold in violation of this
8 Part.

9 F. The board is discharged of all liability upon payment of a prize.

10 §654. Withholding of prizes; child support arrearages; rules

11 The board shall promulgate rules providing for the withholding of prizes
12 resulting from sports wagering authorized pursuant to this Section, of persons who
13 have outstanding child support arrearages as reported to the board, beginning at prize
14 levels to be determined by the board. The board may require any agency reporting
15 current child support arrearages to the board to provide information relating to such
16 arrearages in a manner, format, or record approved by the board. The board shall not
17 be liable for withholding a prize based upon child support arrearage information
18 provided to it. Additionally, the board shall employ the same methods, procedures,
19 and parameters to withhold prizes for persons who have delinquent debt as defined
20 in R.S. 47:1676(B) which has been assigned to the office of debt recovery for
21 collection. The board shall not be liable for withholding a prize based upon
22 delinquent debt information provided to it by the office of debt recovery.

23 §655. State tax; levy

24 A. There is hereby levied a ten percent tax upon the net gaming proceeds of
25 an operator from sports wagering offered to consumers within this state pursuant to
26 this Title onsite at a permitted retail establishment through a sports wagering
27 mechanism.

1 B. There is hereby levied a fifteen percent tax upon the net gaming proceeds
2 of an operator from sports wagering offered to consumers within this state pursuant
3 to this Title electronically through a website or mobile application.

4 C. Within twenty days of the last day of each calendar month the board shall
5 collect the taxes imposed pursuant to the provisions of this Section for the
6 immediately preceding calendar month.

7 D. All taxes collected by the board pursuant to this Section shall be deposited
8 into the Community and Family Support System Fund as provided by R.S. 28:826.
9 These monies shall be forwarded upon receipt to the state treasury. Funds deposited
10 into the treasury shall first be credited to the Bond Security and Redemption Fund in
11 accordance with Article VII, Section 9(B) of the Constitution of Louisiana.

12 E. In a month when the amount of net gaming proceeds of an operator from
13 sports wagering is a negative number, the operator may carry over the negative
14 amount to the return filed for the subsequent month. However, no amount shall be
15 carried over in any period more than twelve months after the month in which the
16 amount carried over was originally due.

17 §656. Deposit of revenues

18 Within twenty days following the close of each calendar month, the board
19 shall transfer to the Kiosk Sports Wagering Fund the amount of net revenue which the
20 board determines is surplus to its needs. Net revenues shall be determined by
21 deducting from the corporation's net gaming proceeds the payment costs incurred or
22 estimated to be incurred in the operation and administration of sports wagering
23 authorized pursuant to this Part. This shall include the expenses of the board and the
24 costs resulting from determining applicant suitability, and any contracts entered into
25 for promotional, advertising, or operational services or for the purchase or lease of
26 sports wagering equipment and materials.

27 §657. Sports Wagering Mechanism Wagering Fund

28 A. There is hereby created in the state treasury a special fund designated as
29 the "Sports Wagering Mechanism Sports Wagering Fund", hereafter referred to as the

"fund". After allocation of money to the Bond Security and Redemption Fund as provided in Article VII, Section 9(B) of the Constitution of Louisiana, the treasurer shall deposit in and credit to the fund all board net revenue as determined by R.S. 27:656. Interest earned on investment of monies in the fund shall be deposited in and credited to the fund. Unexpended and unencumbered monies in the fund shall remain in the fund. Monies in the fund shall be appropriated, administered, and used solely as provided in this Section.

8 B. The monies in the fund shall be withdrawn only pursuant to appropriation
9 by the legislature and shall be used solely for the expenses provided pursuant to R.S.
10 27:656 and for the minimum foundation program.

11 Section 4. R.S. 47:9006(B), 9009(B)(1) and (C), 9010(E), 9015(D), and 9029(A)(1)
12 are hereby amended and reenacted to read as follows:

13 §9006. Records of corporation deemed open; exceptions

* * *

15 B.(†) Records pertaining to the security of lottery operations, whether current
16 or proposed, the security director, and the security division of the corporation shall
17 be deemed to be records containing security procedures, investigative techniques, or
18 internal security information for purposes of R.S. 44:3(A)(3).

* * *

25 §9009. Conduct and administration of lottery games; powers and duties of
26 corporation; authorized contracts

* * *

1 B. The corporation shall:

2 (1) Supervise and administer the lottery ~~and sports wagering~~ in accordance
3 with the provisions of this Chapter and the administrative regulations adopted by the
4 board.

5 * * *

6 C. There shall be no liability on the part of and no cause of action shall arise
7 against the corporation, its governing board, staff, agents, vendors, or employees,
8 arising out of or in connection with the issuance, failure to issue, or delivery of a
9 lottery ~~or sports wagering~~ ticket.

10 * * *

11 §9010. Powers and obligations of corporation's president; residence in Louisiana;
12 ongoing study authorized

13 * * *

14 E.(1) The president shall require bond from corporate employees with access
15 to corporate funds or lottery funds, in such an amount as provided in the
16 administrative regulations of the board.

17 (2) ~~The president shall require a bond from employees with access to sports~~
18 ~~wagering accounts, in an amount as provided by the administrative rules of the~~
19 ~~corporation.~~

20 * * *

21 §9015. Personnel program for employees; conflict of interest provisions;
22 employment of specified persons by corporation prohibited

23 * * *

24 D. No officer or employee of the corporation who leaves the employ of the
25 corporation may represent any vendor, lottery retailer, ~~sports wagering platform~~
26 provider, ~~sports wagering service provider~~, ~~sports wagering distributor~~, or retail
27 establishment before the corporation for a period of two years following termination
28 of employment with the corporation.

29 * * *

§9029. Deposit of revenues; expenditures and investments authorized; transfer of revenues to state treasury; dedication and use of proceeds; corporation operating account; audit of corporation books and records; audits

A.(1) All money received by the corporation from the sale of lottery tickets and all other sources ~~except for monies from sports wagering operations~~ authorized pursuant to this Chapter, shall be deposited into a corporate operating account. Such account shall be established in a fiscal agent or depository as defined in R.S. 49:319 and collateralized in the manner provided by R.S. 49:321 and 322. The corporation may use all money in the corporate operating account for the purposes of paying prizes and the necessary expenses of the corporation and dividends to the state. The corporation shall estimate and allocate the amount to be paid by the corporation to prize winners.

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 566 Original

2023 Regular Session

Green

Abstract: Removes the regulatory authority of the La. Lottery Corp. to conduct sports wagering.

Present law authorizes the La. Lottery Corp. to operate and administer sports wagering.

Proposed law removes such authority.

Present law defines retail establishments as:

- (1) Any establishment that has a Class A-General retail or restaurant permit for the sale of alcoholic beverages for on premises consumption and that is located in a parish that approved a proposition to authorize sports wagering.
 - (2) Any establishment that holds a retail food establishment permit pursuant to the provisions of present law (LAC 51:XXIII 101 et seq.) and is located within a parish that approved a proposition to authorize sports wagering but is prohibited from

holding a Class A-General retail permit or a Class A-Restaurant permit for the sale of alcoholic beverages for on-premises consumption.

Proposed law retains these provisions of present law.

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

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

Present law provides for a state levy of 10% tax upon the net gaming proceeds from sports wagering offered to patrons onsite at a permitted retail establishment and a state levy of 15% upon the net gaming proceeds from sports wagering offered to patrons through a website or mobile application by the corporation.

Proposed law creates the Sports Wagering Mechanism Wagering Fund. Proposed law provides that the treasurer shall deposit corporation net revenue as determined in proposed law. Further provides monies in the fund shall be withdrawn only pursuant to appropriation by the legislature and shall be used solely for the expenses provided pursuant to proposed law.

(Amends R.S. 47:9006(B), 9009(B)(1) and (C), 9010(E), 9015(D), and 9029(A)(1); Adds R.S. 27:641-657; Repeals R.S. 13:4721(C), R.S. 14:90(E) and 90.3(K), R.S. 47:9001(B), 9002(22)-(29), and 47:9091-9107)