

2019 Regular Session

HOUSE BILL NO. 500

BY REPRESENTATIVE ABRAMSON

TAX/GAMING: Levies a state tax on the net proceeds of fantasy sports contests and sports wagering gaming, dedicates the avails of the taxes, and provides for fees

1 AN ACT

2 To enact R.S. 27:302(3) and (4) and 306 and Chapter 10 of Title 27 of the Louisiana Revised  
3 Statutes of 1950, to be comprised of R.S. 27:601 through 603, relative to the taxation  
4 of fantasy sports contests and sports wagering gaming; to levy a state tax on certain  
5 fantasy sports contests; to levy a state tax on certain sports wagering gaming; to  
6 provide for fees; to provide for definitions; to provide for certain requirements and  
7 limitations; to provide for certain conditions; and to provide for related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 27:302(3) and (4) are hereby enacted to read as follows:

10 §302. Definitions

11 For purposes of this Chapter:

12 \* \* \*

13 (3) "Net gaming proceeds" means the total of all cash and property,  
14 including checks received by an operator or licensee, whether collected or not, from  
15 gaming operations, less the total of all cash paid out as winnings to patrons.

16 (4) "Operator" or "Licensee" means any person holding or applying for a  
17 gaming license or permit that allows the licensee or permittee to administer, conduct,  
18 control, or manage fantasy sports contests.

19 \* \* \*

1        §306. Taxation and fees

2                A. There is hereby levied a tax of eight percent upon the net gaming  
3        proceeds of fantasy sports contests offered to consumers within this state, which  
4        shall be due and payable monthly.

5                B. The annual fee for a fantasy sports contest license or permit shall be five  
6        thousand dollars. This fee is required to be submitted to the division on the  
7        anniversary date of the issuance of the license or permit.

8                C. The division shall collect all fees, fines, and state taxes imposed or  
9        assessed under the provision of this Chapter and under the rules and regulations of  
10       the board.

11               D. All fees, fines, revenues, state taxes, and other monies collected by the  
12       division shall be forwarded upon receipt to the state treasurer for immediate deposit  
13       into the state treasury. Funds so deposited shall first be credited to the Bond Security  
14       and Redemption Fund in accordance with Article VII, Section 9(B) of the  
15       Constitution of Louisiana. After complying with the provisions of the Bond Security  
16       and Redemption Fund, the state treasurer shall disburse the proceeds of the tax as  
17       follows:

18                (a) Four percent shall be deposited into the state general fund.

19                (b) Four percent shall be deposited into the Louisiana Early Childhood  
20       Education Fund as established in R.S. 17:407.30.

21               E. When the net gaming proceeds for a month are negative because the  
22       winnings paid to patrons exceed the operator or licensee's total gross gaming  
23       proceeds from fantasy sports contests, the operator or licensee shall be allowed to  
24       carry over the negative amounts on returns filed for subsequent months. The negative  
25       amount of net gaming proceeds may not be carried back to an earlier month.

26                                \*       \*       \*

27        Section 2. Chapter 10 of Title 27 of the Louisiana Revised Statutes of 1950, to be  
28        comprised of R.S. 27:601 through 603, is hereby enacted to read as follows:



1           E. When the net gaming proceeds for a month are negative because the  
2           winnings paid to patrons exceed the operator or licensee's total gross gaming  
3           proceeds from sports wagering, the operator or licensee shall be allowed to carry  
4           over the negative amounts on returns filed for subsequent months. The negative  
5           amount of net gaming proceeds may not be carried back to an earlier month.

6           § 603. Parish taxation

7           A. Parish governing authorities are hereby authorized to levy a tax not to  
8           exceed four percent on the net gaming proceeds of sports wagering gaming offered  
9           to consumers within their district. Any taxes levied pursuant to this Section shall be  
10          collected by the parish governing authority and shall be due and payable monthly by  
11          the operator or licensee.

12          B. When the net gaming proceeds for a month are negative because the  
13          winnings paid to patrons exceed the operator or licensee's total gross gaming  
14          proceeds from sports wagering, the operator or licensee shall be allowed to carry  
15          over the negative amounts on returns filed for subsequent months. The negative  
16          amount of net gaming proceeds may not be carried back to an earlier month.

17          Section 3. If any provision of this Act or the application thereof is held invalid, such  
18          invalidity shall not affect other provisions or applications of this Act which can be given  
19          effect without the invalid provisions or applications, and to this end the provisions of this  
20          Act are hereby declared severable.

21          Section 4. The provisions of Section 2 of this Act shall become effective the day  
22          after the effective date of any law enacting sports wagering gaming, including any vote of  
23          the electors in which sports wagering gaming is approved at an election held for such  
24          purpose.

25          Section 5. The provisions of Sections 1, 3, 4, and 5 of this Act shall become  
26          effective on July 1, 2019.

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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)]

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HB 500 Original

2019 Regular Session

Abramson

**Abstract:** Authorizes an 8% state tax on net gaming proceeds from fantasy sports contests and an 8% state tax on net gaming proceeds from sports wagering gaming. Dedicates the avails of the taxes to the state general fund, the La. Early Childhood Education Fund. Authorizes parish governing authorities the ability to levy a tax not to exceed 4% on sports wagering gaming offered to consumers within their districts.

Present law establishes the "Louisiana Fantasy Sports Contests Act" that authorized 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 realworld 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 does all of 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 gambling and gambling by computer for fantasy sports contests.

Proposed law levies an 8% state tax on the net gaming proceeds of fantasy sports contest gaming conducted in the state and provides for the disposition of the avails as follows:

- (1) 4% shall go to the state general fund.
- (2) 4% shall go to the La. Early Childhood Education Fund.

Proposed law provides for a \$5,000 sports wagering gaming license or permit fee.

Proposed law defines net gaming proceeds as the total of all cash and property, including checks received by a licensee or operator, whether collected or not, from gaming operations, less the total of all cash paid out as winnings to patrons.

Proposed law requires all monies to be collected monthly and further provides that when net gaming proceeds for a month are negative, the licensee or operator shall be allowed to carry over the negative amounts to returns filed for subsequent months.

Present federal law overturned the 1992 Professional and Amateur Sports Protection Act, a federal prohibition on professional and amateur single-game sports wagering on May 14, 2018, in the U.S. Supreme Court case *Murphy, Governor of New Jersey v. National Collegiate Athletic Association*. As a result, states are allowed to legalize and regulate sports wagering.

Present constitution prohibits a law authorizing a new form of gaming, gambling, or wagering to be conducted in a parish unless a referendum election on the issue is held in a parish and the proposition is approved by a majority of voters.

Proposed law levies an 8% state tax on the net gaming proceeds of sports wagering gaming conducted in the state and provides for the disposition of the avails as follows:

- (1) 4% shall go to the state general fund.
- (2) 4% shall go to the La. Early Childhood Education Fund.

Proposed law provides for a \$5,000 sports wagering gaming license or permit fee.

Proposed law provides authorization to parish governing authorities to levy a tax not to exceed 4% on the net gaming proceeds from sports wagering gaming offered in their district.

The effectiveness of proposed law relative to sports wagering is contingent on the enactment of laws authorizing sports wagering in this state at an election held for such purpose.

Effective July 1, 2019.

( Adds R.S. 27:302(3) and (4), 306, 601-603)