

## RÉSUMÉ DIGEST

ACT 530 (SB 272)

2022 Regular Session

Cortez

Existing law provides for the Louisiana State Racing Commission (LSRC) to regulate the conduct of pari-mutuel racehorse wagering and the Louisiana Gaming Control Board (LGCB) to regulate the conduct of sports wagering.

New law authorizes the LSRC to make rules and regulations for pari-mutuel wagering in a sports book lounge of a host entity (Riverboats or Land-based Casino) licensed by the LGCB to conduct sports wagering. Also authorizes pari-mutuel wagering in the sports book lounge of a licensed racing association (Racetrack).

Existing law provides that LSRC is the exclusive authority regarding all conducted horse races upon the results of which there is wagering. Provides that only persons receiving a license from LSRC may conduct pari-mutuel wagering and that pari-mutuel wagering shall be limited to a space within the race meeting grounds or an offtrack wagering facility. Declares that all other forms of wagering on the result of horse races are illegal.

New law provides that notwithstanding existing law, pari-mutuel wagering on the result of horse races may also be conducted in the sports book lounge licensed by LGCB for sports wagering, provided the requirements of new law are met.

Existing law provides for certain definitions for the purpose of establishing an offtrack wagering facility (OTB).

New law retains existing law and adds definitions for "audited net profits", "host entity", and "offtrack wagering facility licensee".

Existing law provides that any licensed racing association may conduct pari-mutuel wagering and engage in all necessary activities to establish appropriate offtrack wagering facilities to accomplish that purpose.

New law retains existing law and adds that a licensed racing association may be licensed as an OTB to conduct pari-mutuel wagering in a sports book lounge of a Riverboat or Land-based Casino, provided that the Riverboat or Land-based Casino is geographically located in one of the 20 parishes that has approved, by public referendum, the conduct of pari-mutuel wagering in that parish. Requires there to be an agreement between the licensed racing association and the Riverboat or Land-based Casino that is approved by both the LSRC and LGCB and that the agreement include the following terms:

- (1) Pari-mutuel wagering shall be restricted to the Riverboat's or Land-based Casino's retail sports book lounge.
- (2) Pari-mutuel wagering shall be conducted in accordance with existing law.
- (3) All pari-mutuel wagers shall be maintained and accounted separate and distinct from all other sports wagers placed in the sports book lounge.
- (4) The gaming division of the office of state police shall have access to all files, records, documents, film, tape, including surveillance tape, and any other information and personnel necessary to determine compliance with all gaming laws, rules, and regulations on gaming activities and operations under LSRC's jurisdiction or LGCB's jurisdiction.
- (5) The offtrack wagering facility licensee shall make compensation payments to the Riverboat or Land-based Casino of 30% of audited net profits on the total amount wagered at the Riverboat or Land-based Casino facility. Requires the agreement to specify the calculation and periodic payments.
- (6) All commissions and fees taken from pari-mutuel wagers and the distribution of the takeouts shall be as provided in existing law.

New law provides that a licensed racing association may be licensed as an OTB to conduct pari-mutuel wagering in its sports book pursuant to a plan of operation approved by LSRC and LGCB and requires the plan of operation to provide that:

- (1) Pari-mutuel wagering shall be conducted in accordance with existing law.
- (2) All pari-mutuel wagers placed in the sports book lounge shall be maintained and accounted separate and distinct from all other sports wagers placed in its sports book lounge.
- (3) The gaming division of the office of state police shall have access to all files, records, documents, film, tape, including surveillance tape, and any other information and personnel necessary to determine compliance with all gaming laws, rules, and regulations on gaming activities and operations under LSRC's jurisdiction or LGCB's jurisdiction.

Existing law provides several criteria for LSRC to approve a licensed racing association for an OTB.

New law retains existing law with the following exceptions for OTBs located in a sports book lounge:

- (1) Provides a municipal governing body's authority to impose a license fee on an OTB as a result of a municipal referendum shall not apply.
- (2) Provides that the requirement that a licensed racing association grant permission to an OTB to be located within a 55 mile radius of its pari-mutuel facility shall not apply.
- (3) Provides that such OTB's shall not count toward existing law's maximum number of OTBs per parish.
- (4) Provides that existing law's maximum allowable attendance at an OTB shall not apply.
- (5) Raises the minimum age of a person to enter to 21 years old.
- (6) Provides the 25 cents per person admission fee shall not apply.
- (7) Prohibits the conducting of historical horse wagering.

Existing law provides that only a licensed racing association may own and operate an OTB in a parish whose parish seat is located less than 55 miles from their facility and provides a procedure for ownership for locations outside of the 55 mile radius and instances where more than one facility is within the radius.

New law provides that existing law shall not apply to an OTB located in a sports book lounge of a Riverboat or Land-based Casino.

Existing law restricts the location of OTBs in relation to National Register of Historic Places, public playgrounds, residential property or buildings primarily used as a church, synagogue, public library, or school.

New law provides that existing law shall not apply to an OTB located in a sports book lounge of a Riverboat or Land-based Casino.

Existing law provides that LSRC may refuse, suspend, or withdraw licenses granted by it for just cause. Provides that several behaviors that constitute just cause, including an action that is contrary to existing law.

New law retains existing law and adds to the behaviors that constitute just cause actions contrary to an agreement or plan of operation for an OTB located in a sports book lounge.

Existing law provides that Riverboats, Land-based Casino, and Racetracks pay taxes on net gaming proceeds from sports wagering. 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 the amount of eligible promotional play.

New law provides that "net gaming proceeds" shall not include wagers placed by patrons on racehorse wagering, or winnings paid out to patrons on racehorse wagering, and defines "racehorse wagering" as wagers placed on horse racing conducted under the pari-mutuel form of wagering at licensed racing facilities that are accepted in accordance with existing law on pari-mutuel wagering and an approved agreement or approved plan of operation.

New law provides that any commissions, fees, and other deductions on racehorse wagering shall be in accordance with existing law.

New law provides specific authority for the LGCB to reconsider and withdraw its approval of an agreement or plan of operation upon a finding of noncompliance with the terms of the agreement or plan.

New law (HB 1055 of the 2022 Regular Session) provides for the LSRC to promulgate rules setting forth minimum standards and infrastructure investments required of each association for facility maintenance and improvements, such as minimum standards for track surface, barns, grand stands, and paddocks in order for the association to be eligible to conduct race meets at a particular track. Requires facility improvements to be included in the plan of operation guidelines set forth in existing law and defines "facility maintenance" and "facility improvements".

New law defines "gross profits", "state tax", and "taxable net slot machine proceeds".

New law requires that, after July 1, 2023, 10% of gross profits are to be deposited into the facility maintenance and improvement fund until all commission-required facility maintenance and improvements have been completed. Requires the deposits to be made at the same time that the state tax is paid.

New law provides that after initial maintenance and improvements have been completed satisfactorily, each association is required to maintain a minimum fund balance of \$3,000,000.

New law provides that for the purposes of the initial maintenance and improvements, the following deadlines shall apply:

- (1) The commission shall promulgate rules establishing minimum standards of facilities and infrastructure investments no later than October 1, 2022.
- (2) Each association shall submit a plan for compliance to the commission no later than December 1, 2022.
- (3) The commission shall approve or specify deficiencies in each association's plan no later than February 1, 2023.
- (4) Each association shall complete the required maintenance and improvements to its facilities no later than December 31, 2023.

New law provides that deadlines may be extended by a majority vote of the membership of the commission for extenuating circumstances including force majeure. Provides that the failure of an association to meet deadlines shall constitute grounds for just cause for the commission to deny or terminate racing privileges.

New law provides that, if it determines that an association is in compliance with the minimum standards and infrastructure investments, the commission may, by a 2/3s vote of the membership, authorize any of the following:

- (1) Exempt an association from maintaining the minimum fund balance required by new law.

- (2) Exempt the association from making deposits as required by new law.
- (3) Allow the balance of an association facility maintenance and improvement fund be withdrawn or reduced.

New law authorizes the commission to reconsider compliance with new law at any time and revoke any exemption or allowance for noncompliance.

Existing law provides for the LGCB to grant or deny licenses to racetracks to operate slot machines on the racetrack grounds. Provides for the licenses to be for 5 years.

New law provides that notwithstanding existing law, upon notification from the LSRC that the racetrack is not in compliance with the minimum standards for facility maintenance and improvements but is cooperating with the commission and working towards compliance, the LGCB may grant or renew a license for a probationary period not to exceed one year. Provides that barring extenuating circumstances as determined by the board, the probationary period shall not be extended beyond one year. Provides that after the probationary period, the board shall either grant or renew the license for the remainder of the term or revoke the license.

Provides that the provisions of this Act shall supercede the conflicting provisions of the Act which originated as House Bill No. 1055 (Act 525) of the 2022 Regular Session.

Effective June 16, 2022.

(Amends R.S. 4:149, 211, 213, 214, and 226(B)(1) and R.S. 27:602(13); adds R.S. 4:147(7), 164, 215(D), and 228(H) and R.S. 27:361(E)(3), 393.1, 602(18.1), 607(H), and 629)