
DIGEST

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HB 758 Original

2024 Regular Session

Davis

Abstract: Provides relative to regulation of fantasy sports contests and sports wagers.

Present law (R.S. 27:301, et seq.) provides for the La. Fantasy Sports Contests Act.

Proposed law retains present law in general.

Present law (R.S. 27:302) provides for definitions.

Proposed law retains present law and defines the term "content partner", "expert" or "influencer", and "independent evaluator". Further clarifies the definition of "fantasy sports contest".

Proposed law provides that a person shall meet the following criteria in order to be approved by the board to act as an independent evaluator of fantasy sports contests in this state:

- (1) Have experience and expertise in evaluating and rating the content of fantasy sports contests as well as in conducting audits, to the satisfaction of the board.
- (2) Maintain an audit process that is constructed, executed, and maintained by no less than one in-house certified public accountant who is both licensed and active in practice with the expertise necessary to conduct the audit. The audit process shall receive approval from the board that it properly tests for internal controls and all key assertions, subject to the discretion of the board, including completeness, existence, accuracy, valuation, occurrence, and presentation.
- (3) Meet any other criteria the board deems appropriate.

Proposed law provides that the duties of the independent evaluator shall be as follows:

- (1) Have evaluation and rating procedures that are unable to be adjusted, duplicated, or altered by any person, employed by or associated with a fantasy sports contest operator, who has the specific intent to deceive or confuse the general public regarding the accuracy of the content of the influencer's or expert's fantasy sports contest after the results of the content of the related fantasy sports contest are known to the general public.
- (2) Be able to determine the success or failure rate of the content of a fantasy sports contest.

- (3) Ensure a fantasy sports contest licensee has appropriate firewalls, organizational structures, and standard operating procedures so that an influencer or expert is not capable of receiving any material, non-public information from the applicable licensee and that the fantasy sports contest licensee does not receive material, non-public information that could affect a betting market from an expert or influencer.
- (4) Disclose to the board all political contributions that he has made in the prior 12 months.
- (5) Report to the board on a quarterly basis.
- (6) Swear or affirm that he has and shall continue to meet the necessary criteria provided in proposed law.
- (7) Perform any other duties the board deems appropriate.

Proposed law provides that an independent evaluator is prohibited from doing any of the following:

- (1) Having any direct or indirect financial interest, ownership, or management in any activities involving fantasy sports contests. This includes the holding of any stocks, bonds, or other similar financial interests.
- (2) Receiving or sharing in, whether directly or indirectly, the receipts or proceeds of any activities involving fantasy sports contests.
- (3) Having any revenue-sharing relationship with or other financial interest in a fantasy sports contest licensee or fantasy sports contest operator.
- (4) Having any of the following conflicts:
 - (a) A controlling interest owner or employee who directly engages in fantasy sports contests or a fantasy sports contest platform.
 - (b) A controlling interest owner or employee who derives financial benefit from any fantasy sports contest licensee through a cost per acquisition or revenue sharing affiliate relationship to a sports book operator, fantasy sports contest operator, or peer-to-peer platforms.

Proposed law provides that no controlling interest owner or employee of an independent evaluator shall participate in any fantasy sports contest.

Proposed law shall not limit a fantasy sports contest licensee from marketing the performance rendered by the independent evaluator, provided those marketing materials display accurate attributes.

Proposed law provides that anyone who applies to be an independent evaluator shall apply annually

to the board and receive approval from the board to act as an independent evaluator. Further provides that such approval shall require a review of the criteria provided in proposed law.

Proposed law provides that any person who applies to be an independent evaluator shall pay all reasonable costs to the board relating to the investigation required pursuant to proposed law.

Proposed law provides that the board may promulgate rules and regulations in accordance with the Administrative Procedure Act to establish additional criteria and qualifications for independent evaluators in accordance with proposed law.

Proposed law provides that upon receipt of the report from an independent evaluator pursuant to proposed law, the board may utilize its regulatory authority to address any issues contained in the report.

Proposed law provides that the board shall issue regulations clarifying what qualifies as fantasy sports contest content and such determination shall be within the sole discretion of the board.

Proposed law shall not prohibit any of the following:

- (1) The assessment of activities involving sports wagers as provided in present law (R.S. 27:601, et seq.) from an independent evaluator who has been accredited by the board.
- (2) The right of freedom of speech granted to all persons under the First Amendment of the Constitution of the US.

Proposed law provides that the board shall accredit certain independent evaluators to assess the content of fantasy sports contests, specifically content from experts or influencers for fantasy sports contests and their content partners. Further provides that the board shall have nine months to identify and accredit independent evaluators.

Proposed law provides that once the accreditation of an independent evaluator has occurred, fantasy sports contest licensees, experts or influencers, and content partners shall have nine months to contract directly with an accredited independent evaluator.

Proposed law provides that the cost of these services to the fantasy sports contest licensees shall not exceed 1% of the annual gross gaming revenue for both fantasy sports contests and sports wagers and shall be dispersed among the fantasy sports contest licensees at the discretion of the board. Further provides that the fantasy sports contest licensees shall contract with and pay the accredited independent evaluator directly.

Proposed law provides that the board may, at its discretion, issue temporary accreditations if it deems such issuance in the best interest of the state.

Present law (R.S. 27:601, et seq.) provides for the La. Sports Wagering Act.

Proposed law retains present law in general.

Present law (R.S. 27:602) provides for definitions.

Proposed law retains present law and defines the term "content partner", "expert" or "influencer", and "independent evaluator". Further clarifies the definition of "sports wager" or "sports bet".

Proposed law provides that a person shall meet the following criteria in order to be approved by the board to act as an independent evaluator of sports wagers in this state:

- (1) Have experience and expertise in evaluating and rating the content of sports wagers as well as in conducting audits, to the satisfaction of the board.
- (2) Maintain an audit process that is constructed, executed, and maintained by no less than one in-house certified public accountant who is both licensed and active in practice with the expertise necessary to conduct the audit. The audit process shall receive approval from the board that it properly tests for internal controls and all key assertions, subject to the discretion of the board, including completeness, existence, accuracy, valuation, occurrence, and presentation.
- (3) Meet any other criteria the board deems appropriate.

Proposed law provides that the duties of the independent evaluator shall be as follows:

- (1) Have evaluation and rating procedures that are unable to be adjusted, duplicated, or altered by any person, employed by or associated with a sports wagering operator, who has the specific intent to deceive or confuse the general public regarding the accuracy of the content of the influencer's or expert's sports wagers after the results of the content of the related sports wagers are known to the general public.
- (2) Be able to determine the success or failure rate of the content of a sports wager.
- (3) Ensure a sports wagering licensee or platform provider has appropriate firewalls, organizational structures, and standard operating procedures so that an influencer or expert is not capable of receiving any material, non-public information from the applicable sports wagering licensee or platform provider and that the sports wagering platform provider does not receive material, non-public information that could affect a betting market from an expert or influencer.
- (4) Disclose to the board all political contributions that he has made in the prior 12 months.
- (5) Report to the board on a quarterly basis.
- (6) Swear or affirm that he has and shall continue to meet the necessary criteria provided in proposed law.

(7) Perform any other duties the board deems appropriate.

Proposed law provides that an independent evaluator is prohibited from doing any of the following:

- (1) Having any direct or indirect financial interest, ownership, or management in any activities involving sports wagers. This includes the holding of any stocks, bonds, or other similar financial interests.
- (2) Receiving or sharing in, whether directly or indirectly, the receipts or proceeds of any activities involving sports wagers.
- (3) Having any revenue-sharing relationship with or other financial interest in a sports wagering licensee or sports wagering operator.
- (4) Having any of the following conflicts:
 - (a) A controlling interest owner or employee who directly engages in sports wagers or a sports wagering platform.
 - (b) A controlling interest owner or employee who derives financial benefit from any sports wagering licensee through a cost per acquisition or revenue sharing affiliate relationship to a sports book operator, sports wagering operator, or peer-to-peer platforms.

Proposed law provides that no controlling interest owner or employee of an independent evaluator shall participate in any sports wager.

Proposed law shall not limit a sports wagering platform provider from marketing the performance rendered by the independent evaluator, provided those marketing materials display accurate attributes.

Proposed law provides that anyone who applies to be an independent evaluator shall apply annually to the board and receive approval from the board to act as an independent evaluator. Further provides that such approval shall require a review of the criteria provided in proposed law.

Proposed law provides that any person who applies to be an independent evaluator shall pay all reasonable costs to the board relating to the investigation required pursuant to proposed law.

Proposed law provides that the board may promulgate rules and regulations in accordance with the Administrative Procedure Act to establish additional criteria and qualifications for independent evaluators in accordance with proposed law.

Proposed law provides that upon receipt of the report from an independent evaluator pursuant to proposed law, the board may utilize its regulatory authority to address any issues contained in the report.

Proposed law provides that the board shall issue regulations clarifying what qualifies as content that constitutes as a sports wager and such determination shall be within the sole discretion of the board.

Proposed law shall not prohibit any of the following:

- (1) The assessment of activities involving fantasy sports contests as provided in present law (R.S. 27:301, et seq.) from an independent evaluator who has been accredited by the board.
- (2) The right of freedom of speech granted to all persons under the First Amendment of the Constitution of the U.S.

Proposed law provides that the board shall accredit certain independent evaluators to assess the content of sports wagers, specifically content from experts or influencers for sports wagers and their content partners. Further provides that the board shall have nine months to identify and accredit independent evaluators.

Proposed law provides that once the accreditation of an independent evaluator has occurred, sports wagering licensees, experts or influencers, and content partners shall have nine months to contract directly with an accredited independent evaluator.

Proposed law provides that the cost of these services to the sports wagering licensees shall not exceed 1% of the annual gross gaming revenue for both fantasy sports contests and sports wagers and shall be dispersed among the sports wagering platform providers at the discretion of the board. Further provides that the sports wagering platform providers shall contract with and pay the accredited independent evaluator directly.

Proposed law provides that the board may, at its discretion, issue temporary accreditations if it deems such issuance in the best interest of the state.

(Amends R.S. 27:302(3)-(11) and 602(6)-(28); Adds R.S. 27:302(12)-(14), 321, 321.1, 602(29)-(31), 630, and 631)