

2019 Regular Session

HOUSE BILL NO. 544

BY REPRESENTATIVES BARRAS, ADAMS, BAGNERIS, BILLIOT, BOUIE, COX, DUPLESSIS, GAINES, JIMMY HARRIS, JEFFERSON, JENKINS, TERRY LANDRY, LARVADAIN, LEGER, LYONS, MARCELLE, MOSS, NORTON, PIERRE, SMITH, STAGNI, AND STOKES AND SENATOR ALARIO

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

GAMING/CASINO: Provides with respect to the land-based casino operating contract

1 AN ACT

2 To amend and reenact R.S. 27:241(A), 241.1, 243(C), 247, and 270(A)(3), and Subpart P-1

3 of Part II-A of Chapter 1 of Subtitle I of Title 39 of the Louisiana Revised Statutes

4 of 1950, comprised of R.S. 39:100.81, relative to the land-based casino operating

5 contract; to provide relative to the duration of the primary contract term and the

6 duration of renewal terms; to authorize a renewal term of thirty years when certain

7 conditions are met; to provide relative to compensation paid to the Louisiana Gaming

8 Control Board; to provide relative to the Compulsive and Problem Gaming Fund; to

9 provide for a specific amount to be paid to the Louisiana Gaming Control Board and

10 to provide for disposition and use of such monies; to provide for a specific amount

11 to be paid to the state and to provide for disposition and use of such monies; to

12 provide relative to funding for the Louisiana Cancer Research Center of the LSU

13 Health Sciences Center in New Orleans/Tulane Health Sciences Center; to provide

14 relative to the exercise of a call option to the leasehold interest in the official gaming

15 establishment; to provide for the deposit of monies into certain special treasury

16 funds; to provide with respect to the Community Water Enrichment and Other

17 Improvements Fund and accounts therein; to provide relative to the contract and

18 payment for casino support services; to provide for a specific amount to be paid to

19 the governing authority for the parish where the official gaming establishment is

1 located for providing casino support services; to provide relative to the casino  
2 gaming operator's authority to conduct and offer non-casino gaming activities and  
3 operations; to provide for certain restrictions on certain non-casino gaming activities  
4 including restaurants and hotels; to provide relative to a memorandum of  
5 understanding and agreement between the casino gaming operator and the Greater  
6 New Orleans Hotel and Lodging Association; to provide relative to a memorandum  
7 of understanding and agreement between the casino gaming operator and the  
8 Louisiana Restaurant Association; and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 27:241(A), 241.1, 243(C), 247, and 270(A)(3) are hereby amended  
11 and reenacted to read as follows:

12 §241. Board to let contract to conduct casino gaming operations; bid specifications;  
13 compensation of casino gaming operator; contract renewal

14 A.(1) Notwithstanding any provision of law to the contrary, the board of  
15 directors shall publicly advertise, offer, and let, in accordance with the provisions of  
16 this Chapter, a contract to conduct casino gaming operations at a single official  
17 gaming establishment to be located upon the site of the Rivergate Convention Center  
18 in Orleans Parish. The initial term of the contract and any option to extend or renew  
19 the initial term of the contract may not exceed a total of twenty years primary term  
20 and one ten-year renewal option except as provided in this Subsection. The contract  
21 or renewal option to conduct casino operations shall not be subject to sale, alienation,  
22 assignment, or transfer by the casino gaming operator except as provided for in this  
23 Chapter.

24 (2)(a) Notwithstanding any law to the contrary, upon meeting the  
25 requirements of Subparagraph (b) of this Paragraph and upon a showing that  
26 additional renewals of the casino operating contract will benefit the economy of the  
27 state, encourage the continued growth of tourism, and promote the stability of casino  
28 operations at the land-based casino, and subject to the approval of any change in  
29 terms of the casino operating contract by the Joint Legislative Committee on the

1 Budget and the approval by the New Orleans City Council, the mayor of the city of  
2 New Orleans, and the casino operator of all matters necessary to implement the  
3 provisions of the extension, the Louisiana Gaming Control Board shall approve and  
4 enter into additional thirty-year renewal terms of the casino operating contract, in  
5 addition to the initial term and the ten-year renewal term, subject to compliance with  
6 the provisions of this Chapter.

7 (b) Prior to July 15, 2024, the casino operator shall make a capital  
8 investment on or around the official gaming establishment of three hundred and  
9 twenty-five million dollars, subject to an extension for any force majeure event,  
10 including any lawsuit, that delays construction, provided however, that in order for  
11 such extension to take place, the casino operator shall be required to post a bond or  
12 put monies in escrow to ensure satisfaction of the mandated capital spend and shall  
13 be required to proceed with construction immediately upon the cessation of the force  
14 majeure event.

15 (3) The thirty-year renewal term, extending the casino operating contract to  
16 July of 2054, shall contain provisions that do all of the following:

17 (a) As provided in R.S. 27:247, require the casino operator to annually pay  
18 directly to the governing authority of the parish where the official gaming  
19 establishment is located a sum of money as set forth in R.S. 27:247 to compensate  
20 the parish for the cost to the parish for providing support services resulting from the  
21 operation of the official gaming establishment and activities therein.

22 (b) As provided in R.S. 27:241.1(B), require the casino operator to annually  
23 pay to the Louisiana Gaming Control Board a sum of money as set forth in R.S.  
24 27:241.1(B), in addition to the existing obligation to remit to the Louisiana Gaming  
25 Control Board any fees or compensation, including compensation paid to the  
26 Louisiana Gaming Control Board pursuant to R.S. 27:241.1(A).

27 (c) As provided in R.S. 27:241.1(C), require the casino operator to pay to the  
28 Louisiana Gaming Control Board an annual license payment as set forth in R.S.  
29 27:241.1(C), in addition to the existing obligation to remit to the Louisiana Gaming

1        Control Board any fees or compensation, including compensation paid to the  
2        Louisiana Gaming Control Board pursuant to R.S. 27:241.1(A) and (B).

3                (d)(i) Notwithstanding any provision of law to the contrary, the casino  
4        operator shall pay a sum of twenty-five million dollars to the state and to the city of  
5        New Orleans to be paid and dispersed pursuant to the provisions of Item (ii) of this  
6        Subparagraph.

7                (ii) Seventy percent shall be paid to the state and thirty percent shall be paid  
8        to the city of New Orleans no later than ten days after all of the following occur:

9                (aa) Approval by the Joint Legislative Committee on the Budget of the  
10        amended casino operating contract.

11                (bb) Approval by the New Orleans City Council of an amended lease that  
12        reflects the parties' mutual understanding and economic development requirements  
13        consistent with this Chapter.

14                (cc) The execution of the amended casino operating contract reflecting the  
15        renewal of the contract through July of 2054.

16                (e) Notwithstanding any provision of law to the contrary, at such time as the  
17        real estate investment trust option holder, hereinafter referred to as "option holder",  
18        exercises, prior to October 1, 2020, its call option to the leasehold interest in the  
19        official gaming establishment, the casino operator shall pay a sum of forty million  
20        dollars, seventy percent of which shall be paid to the state and thirty percent of which  
21        shall be paid to the city of New Orleans, in three installments as follows:

22                (i) Twenty million dollars to be paid no later than ten days after the exercise  
23        of the call option if the following conditions have been fulfilled at the time of the  
24        exercise of the call option, or if the conditions have not been fulfilled at the time of  
25        the exercise of the call option, payment shall be made no later than ten days after the  
26        fulfillment of the following conditions:

27                (aa) Approval by the Joint Legislative Committee on the Budget of the  
28        amended casino operating contract.



1           §241.1. Minimum compensation payments; effective March 31, 2001; payments  
2                                   beginning August 1, 2022

3           A. Notwithstanding the provisions of R.S. 27:241(C) or any other law to the  
4           contrary, effective midnight March 31, 2001, the minimum compensation to be paid  
5           by the casino operator to the Louisiana Gaming Control Board shall be the greater  
6           of: (i) eighteen and one-half percent of gross revenues or (ii) fifty million dollars for  
7           the casino fiscal year April 1, 2001 through March 31, 2002, ~~and~~ sixty million  
8           dollars for each the casino fiscal year April 1, 2002 through March 31, 2022, and  
9           sixty-five million dollars for the casino year April 1, 2022 and for each casino fiscal  
10          year thereafter. Such amount shall be allocated as provided in R.S. 27:270(A)(3)(b).

11                           B.(1) In addition to any existing obligation to remit to the Louisiana Gaming  
12          Control Board any fees or compensation, including compensation paid to the state  
13          pursuant to the provisions of this Section, beginning on August 1, 2019, and  
14          concluding July 31, 2054, the casino operator shall annually pay to the state the sum  
15          of money set forth in Paragraph (2) of this Subsection which shall be used solely for  
16          the purpose of providing funding to the Louisiana Cancer Research Center of the  
17          LSU Health Sciences Center in New Orleans/Tulane Health Sciences Center.

18                           (2)(a) Except as provided in Subparagraph (b) of this Paragraph, beginning  
19          on October 1, 2019, the payment required by Paragraph (1) of this Subsection shall  
20          be equal to three million four hundred thousand dollars.

21                           (b) Beginning on August 1, 2024, the amount set forth in Subparagraph (a)  
22          of this Paragraph shall be adjusted by a rate that is the lesser of two percent or the  
23          Consumer Price Index, United States city average for all urban customers (CPI-U),  
24          as prepared by the United States Department of Labor, Bureau of Labor Statistics for  
25          the two calendar years immediately preceding the adjustment, with adjustments  
26          being made to this amount in the same manner every two years thereafter.

27                           C. Beginning in casino fiscal year April 1, 2022 and each casino fiscal year  
28          thereafter, in addition to any existing obligation to remit to the Louisiana Gaming  
29          Control Board any fees or compensation, including compensation paid to the



1 ~~restaurants with seating for no more than three hundred fifty persons, in the~~  
2 ~~aggregate.~~

3 ~~(e) May directly operate non-casino related businesses on the second floor~~  
4 ~~of the casino provided that, other than as provided in Subparagraph (c) of this~~  
5 ~~Paragraph, any food for such operation shall be purchased or catered by a third party~~  
6 ~~restaurateur or food preparer with purchases at fair market value.~~

7 ~~(f) May lease space to third parties that may operate non-casino related~~  
8 ~~businesses on the second floor of the official gaming establishment provided that the~~  
9 ~~primary purpose of such business is not a restaurant which shall require that no more~~  
10 ~~than thirty-five percent of the revenues of such business shall be derived from the~~  
11 ~~sale of food.~~

12 ~~(g) May not offer or advertise complimentary or discounted food offerings~~  
13 ~~to the general public within a fifty-mile radius of the official gaming establishment~~  
14 ~~and within Louisiana, but may, nonetheless, offer and advertise complimentary or~~  
15 ~~discounted food offerings to: (i) a patron that is a member of a customer reward~~  
16 ~~system or otherwise maintained on a data base; (ii) a known "high roller" or patrons~~  
17 ~~on a junket with established play at the casino or with other casinos; (iii) a person~~  
18 ~~that, based upon observed win or loss levels, is eligible to obtain discounted or full~~  
19 ~~complimentary food offerings; (iv) a targeted prospective customer outside a fifty-~~  
20 ~~mile radius of the official gaming establishment or not within the state, provided that~~  
21 ~~no advertising of complimentary or discounted food offerings for such persons shall~~  
22 ~~be disseminated to the general public such as on billboards or in the print media; (v)~~  
23 ~~a person that has suffered a service error that results in complimentary or discounted~~  
24 ~~food offerings to rectify the error in service; or (vi) a vendor or other person visiting~~  
25 ~~the official gaming establishment for business or educational purposes. In no event~~  
26 ~~shall the casino gaming operator prospect for new customers in this state and within~~  
27 ~~a fifty-mile radius of the official gaming establishment through use of~~  
28 ~~complimentary or discounted food offerings disseminated through any advertising~~  
29 ~~media whether newspaper, television, direct mail, coupons, or billboards.~~



1           ~~(h) May lease space to area restaurant owners and food preparers who may~~  
2           ~~offer to provide for food service in a kiosk area, in the official gaming establishment~~  
3           ~~provided that all seating for any kiosk area or areas shall be limited to an aggregate~~  
4           ~~of one hundred seats which shall be used only for kiosk seating.~~

5           ~~(i) May~~ (2) The casino operator may have a meeting space for parties, VIP  
6           events, and the like but shall not rent business meeting space for business seminars  
7           and training associated with the sale or purchase of rentable units, unless such  
8           rentable units are rented at the rates established as provided in Subparagraph  
9           ~~(C)(2)(b)~~ (3)(b) of this Subsection.

10           ~~(2)(3)~~ The casino gaming operator, on its own or through an affiliate, shall  
11           not provide lodging, except that the casino gaming operator may own or operate  
12           offsite lodging, ~~which may be physically connected to the official gaming~~  
13           ~~establishment, subject to the following conditions:~~ at or in the vicinity of the official  
14           gaming establishment consistent with the following conditions and any agreement  
15           between the casino operator and the Greater New Orleans Hotel and Lodging  
16           Association and its successors, as such agreement may be amended from time to  
17           time:

18           (a) There shall be no more than four hundred fifty rentable units, and not  
19           more than fifteen thousand square feet of meeting space if a hotel is newly  
20           constructed or twenty thousand square feet if an existing hotel is purchased or leased  
21           that contains such space, from April 1, 2001 to March 31, 2005, provided that after  
22           March 31, 2005, additional rentable units may be owned or operated with additional  
23           meeting space, only in accordance with any agreement for such increases entered  
24           into by and between the casino gaming operator and the Greater New Orleans Hotel-  
25           Motel Association and its successors, as such agreement may be amended from time  
26           to time.

27           (b) Except as provided in Subparagraph (c) of this Paragraph and Paragraph  
28           (4)(a) of this Subsection, the casino gaming operator shall not advertise room rates  
29           to the general public at below market rates. The casino gaming operator shall base

1 room rates on average seasonal rates for the preceding year of hotels located in the  
2 Central Business District and French Quarter of the parish of the official gaming  
3 establishment as compiled by a nationally recognized firm that compiles data on  
4 room rates for such parish.

5 (c) The casino gaming operator shall not offer complimentary or discounted  
6 hotel offerings to the general public, but may, nonetheless, offer complimentary or  
7 discounted hotel offerings to: (i) a patron that is a member of the casino gaming  
8 operator's or manager's customer reward system or otherwise maintained on the  
9 casino gaming operator's or manager's data base; (ii) a known "high roller" or patrons  
10 on a junket with established play at the official gaming establishment or with other  
11 casinos; (iii) a person that, based upon observed win or loss levels at the casino, is  
12 eligible to a discount or full complimentary offerings; (iv) a targeted prospect outside  
13 a fifty-mile radius of the official gaming establishment, or not within the state; (v)  
14 a person that has suffered a service error that results in a complimentary rate or  
15 discount to rectify the error in service; or (vi) a vendor or other person visiting the  
16 casino for business or educational purposes.

17 (d) The casino gaming operator shall not advertise to the general public,  
18 which does not include those individuals specified in Items (c)(i) through (vi) of this  
19 Paragraph, complimentary or discounted hotel rates; however, the casino gaming  
20 operator may advertise rooms rented at the rates established in Subparagraph (b) of  
21 this Paragraph on billboards outside a fifty-mile radius of the official gaming  
22 establishment or on billboards outside of Louisiana. The casino gaming operator  
23 may otherwise prospect for new customers through advertising media so long as the  
24 pricing for rooms is consistent with the rate structure as set forth in Subparagraph (b)  
25 of this Paragraph.

26 ~~(e)~~(4)(a) The casino operator is subject to the requirements of a  
27 memorandum of understanding and agreement entered into with the Greater New  
28 Orleans Hotel and Lodging Association dated April 2019, which may include an  
29 authorization to provide an agreed-upon number of additional hotel rooms at a new

1 hotel site, and a memorandum of understanding and agreement entered into with the  
2 Louisiana Restaurant Association dated March 2018. Any action related to the  
3 enforcement of the memoranda of understanding and agreements shall be instituted  
4 in the Civil District Court for the Parish of Orleans. The Louisiana Gaming Control  
5 Board shall retain jurisdiction over the casino operator's compliance with the  
6 provisions of this Chapter and any regulations or rules adopted by the Louisiana  
7 Gaming Control Board.

8 (b) Among other things, the memorandum of understanding and agreement  
9 with the Greater New Orleans Hotel and Lodging Association dated April 2019, shall  
10 provide for the following:

11 (i) Only for those additional rooms authorized by the memorandum of  
12 understanding and agreement dated April 2019, advertising of market rates shall be  
13 based on average seasonal rates for the preceding year of luxury hotels in the Central  
14 Business District, French Quarter, and Warehouse District of the City of New  
15 Orleans, as compiled by a nationally recognized firm.

16 (ii) For rooms existing prior to August 1, 2018, ~~Room~~ room taxes shall be  
17 paid by the casino gaming operator on all discounted and complimentary rooms to  
18 be paid at the applicable tax rates based upon average seasonal rates for the  
19 preceding year of hotels in the Central Business District; and French Quarter of the  
20 ~~parish of the official gaming establishment~~ City of New Orleans, as compiled by a  
21 nationally recognized firm. For those hotel rooms added after 2019 and authorized  
22 by the memorandum of understanding and agreement dated April 2019, room taxes  
23 shall be paid by the casino operator on all discounted and complimentary rooms to  
24 be paid at the applicable tax rates based upon average seasonal rates for the  
25 preceding year of luxury hotels in the Central Business District, French Quarter, and  
26 Warehouse District of the City of New Orleans, as compiled by a nationally  
27 recognized firm.





1 revenues which the corporation determines are surplus to its needs. After first being  
2 credited to the Bond Security and Redemption Fund in accordance with Article VII,  
3 Section 9(B) of the Constitution of Louisiana, and after satisfying any other  
4 requirements of the Constitution and laws of Louisiana, such net revenues shall be  
5 allocated and deposited as follows:

6 ~~(i) In each year for which the Joint Legislative Committee on the Budget~~  
7 ~~disapproves or does not act upon the amount of the casino support services contract~~  
8 ~~as provided in R.S. 27:247 and no monies are deposited in and credited to the Casino~~  
9 ~~Support Services Fund: provided in this Paragraph.~~

10 (b)(i) Beginning August 1, 2019, and through March 31, 2022, if the amount  
11 received pursuant to R.S. 27:241.1(A) is sixty million dollars or less, the amount  
12 received shall be allocated as follows:

13 (aa) Ten percent shall be deposited in and credited to the Support Education  
14 in Louisiana First Fund as provided in R.S. 17:421.7 and shall be used solely and  
15 exclusively for the same purposes provided for in Paragraph (B)(1) of that Section.

16 (bb) Ninety percent shall be deposited in and credited to the Support  
17 Education in Louisiana First Fund as provided in R.S. 17:421.7.

18 ~~(ii) In each year for which the Joint Legislative Committee on the Budget~~  
19 ~~approves the amount of the casino support services contract as provided in R.S.~~  
20 ~~27:247:~~

21 ~~(aa) The first one million eight hundred thousand dollars shall be deposited~~  
22 ~~in and credited to the Casino Support Services Fund.~~

23 ~~(bb) The next sixty million dollars shall be deposited in and credited to the~~  
24 ~~Support Education in Louisiana First Fund as provided in R.S. 17:421.7.~~

25 ~~(cc) After satisfying the requirements of Subitems (aa) and (bb) of this Item,~~  
26 ~~monies shall be deposited into the Casino Support Services Fund until the casino~~  
27 ~~support services contract is fully funded for that year.~~

1           ~~(dd) After satisfying the requirements of Subitem (cc) of this Item, the~~  
2           ~~remainder of the monies shall be deposited in and credited to the Support Education~~  
3           ~~in Louisiana First Fund as provided for in R.S. 17:421.7.~~

4           (ii) Beginning August 1, 2019, and through March 31, 2022, if the amount  
5           received pursuant to R.S. 27:241.1(A) is greater than sixty million dollars, after  
6           satisfaction of the requirements of Item (i) of this Subparagraph, all residual monies  
7           shall be allocated in the following order:

8           (aa) Three million six hundred thousand dollars shall be deposited in and  
9           credited to the Louisiana Early Childhood Education Fund established under R.S.  
10          17:407.30.

11          (bb) Of the monies remaining after satisfaction of the requirements of  
12          Subitem (aa) of this Item, thirty percent shall be distributed by the state treasurer to  
13          the governing authority of the parish in which the official gaming establishment is  
14          located for use in support of capital infrastructure projects, and seventy percent shall  
15          be deposited in and credited to the Community Water Enrichment and Other  
16          Improvements Fund established under R.S. 39:100.81.

17          (c)(i) Beginning April 1, 2022, if the amount received pursuant to R.S.  
18          27:241.1(A) is sixty-five million dollars or less, the amount received shall be  
19          allocated as follows:

20          (aa) Ten percent shall be deposited in and credited to the Support Education  
21          in Louisiana First Fund as provided in R.S. 17:421.7 and shall be used solely and  
22          exclusively for the same purposes provided for in Paragraph (B)(1) of that Section.

23          (bb) Ninety percent shall be deposited in and credited to the Support  
24          Education in Louisiana First Fund as provided in R.S. 17:421.7.

25          (ii) Beginning April 1, 2022, if the amount received pursuant to R.S.  
26          27:241.1(A) is greater than sixty-five million dollars, after satisfaction of the  
27          requirements of Item (i) of this Subparagraph, all residual monies shall be allocated  
28          in the following order:





1 community water systems to provide drinking water to Louisiana's small rural  
2 communities. Subject to appropriation by the legislature, monies in the Other  
3 Improvements Account shall be used by the office of community development solely  
4 to provide for a grants program for local governments to assist with capital,  
5 infrastructure, and other projects.

6 B. The fund shall consist of monies deposited annually pursuant to R.S.  
7 27:270(A)(3)(b)(ii)(bb) or (c)(ii)(bb), with fifty percent to be deposited in and  
8 credited to the Water System Enrichment Account and fifty percent to be deposited  
9 in and credited to the Other Improvements Account. Further, the fund shall also  
10 consist of any other monies appropriated, allocated, or transferred to the fund.  
11 Monies in the fund shall be invested in the same manner as monies in the state  
12 general fund. Interest earned on investment of monies in the fund shall be credited  
13 to the fund. Unexpended and unencumbered monies in the fund at the end of the  
14 fiscal year shall remain in the fund.

15 Section 3. On the effective date of this Act, the state treasurer shall transfer all  
16 monies in the Community Water Enrichment Fund at the close of the prior business day for  
17 a one-time deposit and credit to the Water System Enrichment Account within the  
18 Community Water Enrichment and Other Improvements Fund.

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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 544 Reengrossed

2019 Regular Session

Barras

**Abstract:** Provides relative to the casino operating contract for the official gaming establishment located in Orleans Parish and the renewal of such contract.

The present law Louisiana Economic Development and Gaming Corporation Act provides for the creation of the Louisiana Economic Development and Gaming Corporation, the ownership interest of which is vested in the state, which is empowered to enter into contracts for the conducting of casino gaming operations at a single official gaming establishment in Orleans Parish. Pursuant to present law, effective May 1, 1996, the Louisiana Gaming Control Board assumed control of the affairs of the Louisiana Economic Development and Gaming Corporation and all powers, duties, functions, responsibilities, and obligations associated therewith.

Under present law, the term of the contract and any option to extend or renew may not exceed a total of 20 years primary term and one ten-year renewal option.

Proposed law amends present law to require the Louisiana Gaming Control Board to enter into additional 30-year renewal terms of the casino operating contract, in addition to the initial 20-year term and the one ten-year renewal term, upon all of the following:

- (1) Prior to July 15, 2024, the casino gaming operator making a capital investment on or around the official gaming establishment of \$325,000,000, subject to an extension for any force majeure event.
- (2) A showing that additional renewals of the casino operating contract will benefit the economy of the state, encourage the continued growth of tourism, and promote the stability of casino operations at the land-based casino.
- (3) Approval by the Joint Legislative Committee on the Budget of any change in terms of the casino operating contract.
- (4) Approval by the New Orleans City Council, the mayor of the city of New Orleans, and the casino operator of all matters necessary to implement the provisions of the extension.

Proposed law requires the first 30-year renewal term which extends the casino operating contract to July of 2054, to contain provisions that do all of the following:

- (1) Require the casino gaming operator to annually pay directly to the governing authority of the parish where the official gaming establishment is located a sum of money, set forth in the provisions of proposed law, to compensate the parish for the cost to the parish for providing support services resulting from the operation of the official gaming establishment and activities therein.

In this regard, present law requires the La. Gaming Control Board to enter into a contract for casino support services (including but not limited to fire, police, sanitation, health, transportation, and traffic services) with the governing authority of the parish where the official gaming establishment is located in order to compensate the parish for the cost to the parish for providing support services resulting from the operation of the official gaming establishment and the activities therein. The amount of the contract is determined by negotiation and agreement between the La. Gaming Control Board and the parish, subject to approval by the Joint Legislative Committee on the Budget, and is paid from the Casino Support Services Fund, specifically created for this purpose.

Proposed law amends present law to repeal the procedure by which the La. Gaming Control Board pays the governing authority according to the negotiated casino support services contract, and instead provides that beginning on Aug. 1, 2019, the casino gaming operator shall annually pay the governing authority directly to compensate the parish for providing support services. Beginning Aug. 1, 2019, the annual payment, payable in quarterly installments, shall be equal to \$6,000,000. Beginning on Aug. 1, 2024, this amount shall be adjusted by a rate that is the lesser of two percent or the Consumer Price Index, United States city average for all urban customers (CPI-U), as prepared by the United States Department of Labor, Bureau of Labor Statistics for the two calendar years immediately preceding the adjustment, with adjustments being made to this amount in the same manner every two years thereafter.

- (2) Require the casino gaming operator to annually pay to the Louisiana Gaming Control Board a sum of money as set forth in the provisions of proposed law, in addition to

the existing present law obligations to remit to the Louisiana Gaming Control Board any fees or compensation.

In this regard, present law (R.S. 27:241.1) provides that effective midnight Mar. 31, 2001, the minimum compensation to be paid by the casino operator to the La. Gaming Control Board shall be the greater of: (i) eighteen and one-half percent of gross revenues or (ii) \$50,000,000 for the casino fiscal year April 1, 2001 through March 31, 2002 and \$60,000,000 for each casino fiscal year thereafter.

Proposed law retains present law but provides that for fiscal year April 1, 2002 through March 31, 2022, the minimum compensation to be paid by the casino operator to the La. Gaming Control Board shall be the greater of eighteen and one-half percent of gross revenues or \$60,000,000; and that for fiscal year April 1, 2022 and for each fiscal year thereafter, the minimum compensation to be paid by the casino operator to the La. Gaming Control Board shall be the greater of eighteen and one-half percent of gross revenues or \$65,000,000.

In addition to this existing obligation, as modified by proposed law, proposed law provides that beginning October 1, 2019, and concluding July 1, 2054, the casino gaming operator shall annually pay to the state the sum of money equal to \$3,400,000, which shall be used solely for the purpose of providing funding to the La. Cancer Research Center of the LSU Health Sciences Center in New Orleans/Tulane Health Sciences Center. Beginning on Aug. 1, 2024, this amount shall be adjusted by a rate that is the lesser of two percent or the Consumer Price Index, United States city average for all urban customers (CPI-U), as prepared by the United States Department of Labor, Bureau of Labor Statistics for the two calendar years immediately preceding the adjustment, with adjustments being made to this amount in the same manner every two years thereafter.

- (3) Require the casino operator, beginning casino fiscal year April 1, 2022, and each casino fiscal year thereafter, to pay an annual license payment to the La. Gaming Control Board of \$3,000,000, of which \$500,000 is required to be deposited in and credited to the Compulsive and Problem Gaming Fund established in present law.
- (4) Require the casino operator to pay a sum of \$25,000,000 to the state and to the city of New Orleans. Seventy percent shall be paid to the state and thirty percent shall be paid to the city of New Orleans no later than ten days after all of the following occur:
  - (a) Approval by the Joint Legislative Committee on the Budget of the amended casino operating contract.
  - (b) Approval by the New Orleans City Council of an amended lease that reflects the parties' mutual understanding and economic development requirements consistent with present and proposed law.
  - (c) The execution of the amended casino operating contract reflecting the renewal of the contract through July 2054.
- (5) Require the casino operator, at such time as the option holder exercises, prior to October 1, 2020, its call option to the leasehold interest in the official gaming establishment, to pay a sum of \$40,000,000, with 70% of which being paid to the state and 30% of which being paid to the city of New Orleans, in three installments as follows:
  - (a) \$20,000,000 to be paid no later than 10 days after the exercise of the call option if the following conditions have been fulfilled at the time of the

exercise of the call option, or if the conditions have not been fulfilled at the time of the exercise of the call option, payment shall be made no later than 10 days after the fulfillment of the following conditions:

- (i) Approval by the Joint Legislative Committee on the Budget of the amended casino operating contract.
  - (ii) Approval by the New Orleans City Council of an amended lease that reflects the parties' mutual understanding and economic development requirements consistent with present and proposed law, and all approvals necessary for the assignment of the lease of the official gaming establishment or sublease to option holder provided that there are no further requirements for remuneration to be paid or further concessions to be made by the casino operator or the option holder to the city of New Orleans in connection with the approval of the assignment of the lease of the official gaming establishment or sublease to the option holder except as provided in present and proposed law.
  - (iii) The execution of the amended casino operating contract reflecting the renewal of the contract through July 2054.
- (b) \$10,000,000 on the first anniversary of the date on which the first payment was made.
  - (c) \$10,000,000 on the second anniversary of the date on which the first payment was made.
- (6) Require the casino operator, if the call option to the leasehold interest in the official gaming establishment is not exercised by October 1, 2020, to pay a sum of \$40,000,000, with 70% of which being paid to the state and 30% of which being paid to the city of New Orleans, in three installments as follows:
- (a) \$20,000,000 to be paid no later than 10 days after October 1, 2020.
  - (b) \$10,000,000 on the first anniversary of the date on which the first payment was made.
  - (c) \$10,000,000 on the second anniversary of the date on which the first payment was made.

Present law authorizes the casino gaming operator to operate and conduct certain non-casino gaming activities such as restaurants, cafeteria style food services, catering, special events, and leasing of space at the establishment for certain specified purposes including but not limited to business meetings for outside entities, special events, and parties. Present law further provides certain restrictions on the casino gaming operator relative to such operations and activities, including restrictions on pricing and advertising.

Present law authorizes the casino gaming operator to own or operate offsite lodging which may be physically connected to the official gaming establishment subject to certain conditions and restrictions on the number of rentable units, square footage, advertising, and pricing.

Proposed law amends provisions of present law to provide that beginning Aug. 1, 2019, the casino gaming operator is authorized to conduct certain non-casino related activities at the official gaming establishment or at another location subject to certain requirements as follows:

- (1) The casino operator may offer food and restaurant facilities at or in the vicinity of the official gaming establishment consistent with the terms of any agreement between the casino operator and the Louisiana Restaurant Association and its successors, as such agreement may be amended from time to time.
- (2) The casino gaming operator may have a meeting space for parties, VIP events, and the like but shall not rent business meeting space for business seminars and training associated with the sale or purchase of rentable units, unless such rentable units are rented at the rates based on average seasonal rates for the preceding year of hotels located in the Central Business District and French Quarter of Orleans Parish as compiled by a nationally recognized firm that compiles data on room rates for such parish.
- (3) The casino gaming operator, on its own or through an affiliate, shall not provide lodging, except that the casino gaming operator may own or operate lodging at or in the vicinity of the official gaming establishment consistent with both of the following:
  - (a) Certain conditions provided by proposed law relative to room rates, complimentary and discounted hotel offerings, and advertising.
  - (b) Any agreement between the casino gaming operator and the Greater New Orleans Hotel and Lodging Association and its predecessors, as such agreement may be amended from time to time.
- (4) The casino gaming operator is subject to the requirements of a memorandum of understanding (MOU) and agreement entered into with the Greater New Orleans Hotel and Lodging Association dated April 2019, which may include an authorization to provide an agreed-upon number of additional hotel rooms at a new hotel site, and a MOU and agreement entered into with the La. Restaurant Association dated March 2018.

In this regard, proposed law provides:

- (a) Any action related to the enforcement of the memoranda of understanding and agreement shall be instituted in the Civil District Court for the Parish of Orleans; and the La. Gaming Control board shall retain jurisdiction over the casino gaming operator's compliance with the provisions of present and proposed law and any regulations or rules adopted by the La. Gaming Control Board.
- (b) The memorandum of understanding and agreement with the Greater New Orleans Hotel and Lodging Association dated April 2019, shall provide for certain restrictions, relative to advertising of market rates and payment of room taxes by the casino operator, for rooms that exist prior to August 1, 2018, and restrictions in the same regard that apply only to the additional rooms authorized by the MOU and agreement. For hotel rooms added after 2019 and authorized by the MOU and agreement dated April 2019, the casino operator is required to pay room taxes on all discounted and complimentary rooms at applicable tax rates based upon average seasonal rates for the preceding year of luxury hotels in the Central Business District, French Quarter, and Warehouse District.

Present law requires the corporation, on a daily basis, to transfer to the state treasury for deposit into certain funds in the treasury the amount of net revenues which the corporation determines are surplus to its needs. Further provides that such net revenues shall be deposited as follows:

- (1) In each year for which the Joint Legislative Committee on the Budget disapproves or does not act upon the amount of the casino support services contract, no monies are deposited in and credited to the Casino Support Services Fund:
  - (a) 10% shall be deposited in and credited to the Support Education in Louisiana First Fund and used solely and exclusively for specific purposes provided in present law.
  - (b) 90% shall be deposited in and credited to the Support Education in Louisiana First Fund.
- (2) In each year for which the Joint Legislative Committee on the Budget approves the amount of the casino support services contract:
  - (a) The first \$1,800,000 shall be deposited in and credited to the Casino Support Services Fund.
  - (b) The next \$60,000,000 shall be deposited in and credited to the Support Education in Louisiana First Fund.
  - (c) After satisfying the requirements of paragraphs (a) and (b) above, monies shall be deposited into the Casino Support Services Fund until the casino support services contract is fully funded for that year.
  - (d) After satisfying the requirements of paragraph (c) above, the remainder of the monies shall be deposited in and credited to the Support Education in Louisiana First Fund.

In this regard, proposed law amends present law to provide for the allocation and distribution of such net revenues as follows:

- (1) Beginning Aug. 1, 2019, through March 31, 2022, if the amount received pursuant to present law (R.S. 27:241.1(A)) is \$60,000,000 or less per fiscal year, the amount received shall be allocated as follows:
  - (a) 10% shall be deposited in and credited to the Support Education in Louisiana First Fund and used solely and exclusively for purposes provided in present law.
  - (b) 90% shall be deposited in and credited to the Support Education in Louisiana First Fund.
- (2) Beginning Aug. 1, 2019, through March 31, 2022, if the amount received pursuant to present law (R.S. 27:241.1(A)) is greater than \$60,000,000 per fiscal year, after satisfaction of the requirements of paragraph (1) above, all residual monies shall be allocated in the following order:
  - (a) \$3,600,000 shall be deposited in and credited to the Louisiana Early Childhood Education Fund.
  - (b) Of the monies remaining after satisfaction of the requirements of paragraph (a) above, 30% shall be distributed by the state treasurer to the governing authority of the parish in which the official gaming establishment is located for use in support of capital infrastructure projects, and 70% shall be deposited in and credited to the Community Water Enrichment and Other Improvements Fund as the fund is amended by proposed law.

In this regard, proposed law changes the present law "Community Water Enrichment Fund" to the "Community Water Enrichment and Other Improvements Fund" to be comprised of two accounts, the Water System Enrichment Account and the Other Improvements Account, with each account receiving 50% of the monies deposited from the portion of the net revenues allocated to the Community Water Enrichment and Other Improvements Fund as provided by proposed law. Further provides that monies in the Other Improvements Account shall be used by the office of community development solely to provide for a grants program for local governments to assist with capital, infrastructure, and other projects.

In this regard, proposed law requires the state treasurer, on the effective date of proposed law, to transfer all monies in the Community Water Enrichment Fund at the close of the prior business day for a one-time deposit and credit to the Water System Enrichment Account as created by proposed law.

- (3) Beginning April 1, 2022, if the amount received pursuant to present law (R.S. 27:241.1(A)) is \$65,000,000 or less per fiscal year, the amount received shall be allocated as follows:
- (a) 10% shall be deposited in and credited to the Support Education in Louisiana First Fund and used solely and exclusively for purposes provided in present law.
  - (b) 90% shall be deposited in and credited to the Support Education in Louisiana First Fund.
- (4) Beginning April 1, 2022, if the amount received pursuant to present law (R.S. 27:241.1(A)) is greater than \$65,000,000 per fiscal year, after satisfaction of the requirements of paragraph (1) above, all residual monies shall be allocated in the following order:
- (a) \$3,600,000 shall be deposited in and credited to the Louisiana Early Childhood Education Fund.
  - (b) Of the monies remaining after satisfaction of the requirements of paragraph (a) above, 30% shall be distributed by the state treasurer to the governing authority of the parish in which the official gaming establishment is located for use in support of capital infrastructure projects, and 70% shall be deposited in and credited to the Community Water Enrichment and Other Improvements Fund as the fund is amended by proposed law.

In this regard, proposed law changes the present law "Community Water Enrichment Fund" to the "Community Water Enrichment and Other Improvements Fund" to be comprised of two accounts, the Water System Enrichment Account and the Other Improvements Account, with each account receiving 50% of the monies deposited from the portion of the net revenues allocated to the Community Water Enrichment and Other Improvements Fund as provided by proposed law. Further provides that monies in the Other Improvements Account shall be used by the office of community development solely to provide for a grants program for local governments to assist with capital, infrastructure, and other projects.

(Amends R.S. 27:241(A), 241.1, 243(C), 247, and 270(A)(3) and R.S. 39:100.81)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Administration of Criminal Justice to the original bill:

1. With respect to room taxes on discounted and complimentary rooms, remove the limitation that the casino operator pay only the portion of room taxes dedicated to local tourism funds.

The House Floor Amendments to the engrossed bill:

1. Provide that the annual \$3,400,000 payment by the casino operator shall be made to the state for the purpose of funding the La. Cancer Research Center of the LSU Health Sciences Center in New Orleans/Tulane Health Sciences Center.
2. Provide that \$500,000 of the annual \$3,000,000 payment made by the casino operator to the La. Gaming Control Board shall be deposited in and credited to the Compulsive and Problem Gaming Fund established in present law.
3. Provide that the proposed law provisions regarding the payment of room taxes on discounted and complimentary rooms applies only to rooms added after 2019 and authorized by the MOU dated April 2019.
4. Make technical corrections.