

2019 Regular Session

HOUSE BILL NO. 587

BY REPRESENTATIVE MARINO AND SENATOR MARTINY

TAX/GAMING: Levies a state tax on the net proceeds of sports wagering, dedicates the avails of the tax, and imposes certain gaming fees

1 AN ACT

2 To amend and reenact R.S. 27:29.1(D) and (E), 29.2(A) and (B), 29.3(A)(1) and (2), and
3 29.4(D) and to enact R.S. 27:29.2.1, 608, and 609, relative to the taxation of certain
4 sports wagering gaming; to levy a state tax on certain sports wagering gaming; to
5 provide for certain fees; to provide for certain requirements, conditions and
6 limitations; to provide for the disposition of the avails of the tax; and to provide for
7 related matters.

8 Be it enacted by the Legislature of Louisiana:

9 Section 1. R.S. 27:29.1(D) and (E), 29.2(A) and (B), 29.3(A)(1) and (2), and 29.4(D)
10 are hereby amended and reenacted and R.S. 27:29.2.1, 608, and 609 are hereby enacted to
11 read as follows:

12 §29.1. Manufacturer; permits

13 * * *

14 D. The annual fee for a manufacturer of slot machines, sports wagering
15 systems, and video draw poker devices permit issued under the provisions of this
16 Section is fifteen thousand dollars. This fee is required to be submitted at the time
17 of application and on the anniversary date of the issuance of the permit thereafter.

18 E. The annual fee for a manufacturer of gaming equipment other than slot
19 machines, sports wagering systems, and video draw poker devices permit issued
20 under the provisions of this Section is seven thousand five hundred dollars. This fee

1 is required to be submitted at the time of application and on the anniversary date of
2 the issuance of the permit thereafter.

3 §29.2. Gaming supplier permits

4 A. The board shall issue a gaming supplier permit to suitable persons who
5 supply, sell, lease, or repair, or contract to supply, sell, lease, or repair gaming
6 devices, equipment, and supplies to the holder of a license as defined in ~~R.S.~~
7 ~~27:44(14), R.S. 27:353(5)~~ R.S. 27:44 and 353, ~~or the casino gaming operator, or the~~
8 sports wagering service provider as defined in R.S. 27:602. A person shall not
9 supply, sell, lease, or repair or contract to supply, sell, lease, or repair gaming
10 devices, equipment, and supplies unless they possess a valid gaming supplier permit.

11 B. Gaming devices, supplies, or equipment may not be distributed to the
12 holder of a license as defined in ~~R.S. 27:44(14), R.S. 27:353(5)~~ R.S. 27:44 and 353,
13 ~~or a casino gaming operator, the sports wagering service provider as defined in R.S.~~
14 27:602, or supplier unless such devices, equipment, or supplies conform to rules
15 adopted by the board for such purpose.

16 * * *

17 §29.2.1. Sports wagering service provider permits

18 The annual fee for a sports wagering service provider permit issued under the
19 provisions of this Section shall be fifty thousand dollars. This fee shall be submitted
20 to the division at the time of application and on the anniversary date of the issuance
21 of the permit thereafter.

22 §29.3. Non-gaming supplier permit

23 A.(1) The division shall issue a non-gaming supplier permit to suitable
24 persons who furnish services or goods and receive compensation or remuneration for
25 such goods or services to the holder of a license as defined in R.S. 27:44 and 353, ~~or~~
26 the casino gaming operator, or the sports wagering service provider as defined in
27 R.S. 27:602. The board shall promulgate rules establishing the threshold amount of
28 goods and services for which a non-gaming supplier permit is required. Such
29 services include but are not limited to industries offering goods or services whether

1 or not directly related to gaming activity, including junket operators and limousine
 2 services contracting with the holder of a license as defined in R.S. 27:44 and 353, ~~or~~
 3 the casino gaming operator, or the sports wagering service provider as defined in
 4 R.S. 27:602, suppliers of food and nonalcoholic beverages, gaming employee or
 5 dealer training schools, garbage handlers, vending machine providers, linen
 6 suppliers, or maintenance companies. Any employee or dealer training school, other
 7 than employee or training schools conducted by a licensee, or the casino gaming
 8 operator, shall be conducted at an institution approved by the Board of Regents or
 9 the State Board of Elementary and Secondary Education.

10 (2) Any person who, directly or indirectly, furnishes services or goods to the
 11 holder of a license as defined in R.S. 27:44 and 353, ~~or~~ the casino gaming operator,
 12 or the sports wagering service provider as defined in R.S. 27:602, regardless of the
 13 dollar amount of the goods and services furnished or who has a business association
 14 with the holder of a license as defined in R.S. 27:44 and 353, ~~or~~ the casino operator,
 15 or the sports wagering service provider as defined in R.S. 27:602, may be required
 16 by the board or division, where applicable, to be found suitable or apply for a non-
 17 gaming supplier permit. Failure to supply all information required by the board or
 18 division, where applicable, may result in a finding of unsuitability or denial of a non-
 19 gaming supplier permit.

20 * * *

21 §29.4. Key and non-key gaming employee permit

22 * * *

23 D. The holder of a key or non-key gaming employee permit issued under this
 24 Title shall be authorized to work in the capacity for which permitted for the holder
 25 of a license as defined in ~~R.S. 27:44(14), R.S. 27:353(5)~~, R.S. 27:44 and 353, ~~or~~ the
 26 casino gaming operator, or the sports wagering service provider as defined in R.S.
 27 27:602.

28 * * *

1 §608. Sports wagering certificate fee

2 A. The initial application fee for a sports wagering certificate shall be fifty
3 thousand dollars and shall be non-refundable.

4 B. A sports wagering certificate shall be issued to an applicant upon approval
5 by the board of the application and payment of the sports wagering certificate fee.
6 The fee shall be one hundred thousand dollars and the certificate shall be for a term
7 of five years.

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

10 §609. State tax; levy

11 A. There is hereby levied a fifteen percent tax upon the net sports wagering
12 proceeds offered to consumers within this state.

13 B. The division shall collect all fees, fines, and taxes imposed or assessed
14 under the provisions of this Chapter and under the rules and regulations of the board.

15 C. All fees, fines, revenues, taxes, and other monies collected by the division
16 shall be forwarded upon receipt to the state treasurer for immediate deposit into the
17 state treasury. Funds deposited into the treasury shall first be credited to the Bond
18 Security Redemption Fund in accordance with Article VII, Section 9(B) of the
19 Constitution of Louisiana.

20 D. After complying with the provisions of Subsection (C) of this Section,
21 each fiscal year the state treasurer shall credit one percent of the net sports wagering
22 proceeds, or five hundred thousand dollars, whichever is greater, collected from the
23 sports wagering service provider or licensee as defined in R.S. 27:44 and 353 or the
24 casino gaming operator to the Compulsive and Problem Gaming Fund established
25 by R.S. 28:842. The division shall transfer monthly to the state treasury for deposit
26 into the Compulsive and Problem Gaming Fund the amount of revenues the provider
27 or licensee withheld and remitted in accordance with this Subsection. After crediting
28 the proceeds to the Compulsive and Problem Gaming Fund, the state treasurer shall,
29 each month credit two-thirds of the remainder of the avails of all taxes collected

1 pursuant to this Section to the Louisiana Early Childhood Education Fund as
 2 established in R.S. 17:407.30 and one-third of the remainder of the avails of the tax
 3 shall be remitted to the parish governing authority in which the taxable conduct
 4 occurred.

5 Section 2. This Act shall take effect and become operative if and when the Act
 6 which originated as Senate Bill No. 153 of this 2019 Regular Session of the Legislature is
 7 enacted and becomes effective.

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 587 Engrossed

2019 Regular Session

Marino

Abstract: Levies a 15% state tax on the net proceeds of sports wagering and dedicates 1% or \$500,000, whichever is greater, to the Compulsive and Problem Gaming Fund and the remainder of the proceeds to the Early Childhood Education Fund and parish governing authorities. Authorizes certain permits and imposes fees for entities involved in the sports wagering gaming industry.

Present federal law overturned the 1992 Professional 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 now authorized to legalize and regulate sports wagering gaming.

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 the majority of voters.

Proposed law levies a 15% tax on the net proceeds of sports wagering conducted in the state and requires that the greater of 1% or \$500,000 of the proceeds collected to be deposited into the Compulsive and Problem Gaming Fund per year and two-thirds of the avails of the tax to be deposited into the Early Childhood Education Fund and one-third of the avails to be remitted to parish governing authorities where the gaming occurred.

Proposed law imposes a sports wagering service provider permit fee of \$50,000 which shall be paid annually.

Proposed law imposes an initial application fee of \$50,000 for a sports wagering certificate.

Proposed law imposes a fee on the holder of a sports wagering certificate. The certificate shall be for a term of 5 years and shall cost \$100,000.

Proposed law requires that the tax levied on sports wagering be collected by the division in the office of state police, which provides investigatory, regulatory, and enforcement services to the La. Gaming Control Board for the implementation, administration, and enforcement of gaming laws, rules, and regulations.

Proposed law retains present law and imposes an annual fee of \$15,000 for a manufacturer permit required by an entity that supplies sports wagering systems.

Present law imposes an annual fee of \$3,000 for a gaming supplier permit required by entities which furnish services to gaming licensees. Proposed law retains present law and imposes the fee on entities furnishing services to sports wagering service providers or licensees.

Proposed law imposes an annual fee of \$50,000 for a sports wagering service provider permit.

Present law imposes an annual fee of \$250 for a non-gaming supplier permit required by entities which furnish services to gaming licensees. Proposed law retains present law and imposes the fee on entities furnishing services to sports wagering service providers or licensees.

Present law imposes a fee for the initial application for a non-key gaming employee which may work with sports wagering gaming to be \$200 and the renewal fee to be \$200. Proposed law retains present law and imposes these fees on non-key gaming employees who may work with sports wagering service providers or licensees.

Present law imposes a fee for the initial application for a key gaming employee which may work with sports wagering gaming to be \$500 and the renewal fee to be \$200. Proposed law retains present law and imposes these fees on key gaming employees who may work with sports wagering service providers or licensees.

Effective if and when Senate Bill No. 153 of this 2019 R.S. is enacted and becomes effective.

(Amends R.S. 27:29.1(D) and (E), 29.2(A) and (B), 29.3(A)(1) and (2), and 29.4(D); Adds R.S. 27:29.2.1, 608, and 609)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Increase the rate of the tax levied on net proceeds of sports wagering from 12% to 15%.
2. Increase the amount of money given to the Compulsive and Problem Gaming Fund from 1% of net proceeds of sports wagering not to exceed \$100,000 annually to 1% of net proceeds of sports wagering or \$500,000, whichever is greater.
3. Change the disposition of the avails of the tax levied from being deposited into the state general fund to two-thirds of the avails deposited into the La. Early Childhood Education Fund and one-third of the avails to the parish governing authority where the taxable conduct occurred.
4. Make technical changes.