

2019 Regular Session

HOUSE BILL NO. 600

BY REPRESENTATIVE TALBOT

TAX/GAMING: Levies a state tax on the net gaming proceeds of fantasy sports contests, and authorizes a fee for issuance of certain licenses or permits

1 AN ACT

2 To enact R.S. 27:302(3) and (4), 306, and 307, relative to the taxation of fantasy sports
3 contests; to levy a state tax on certain fantasy sports contests; to authorize a fee for
4 issuance of certain licenses or permits; to provide for definitions; to provide for
5 certain requirements and limitations; to provide for certain conditions; to provide for
6 the disposition of the avails of certain taxes, fees, and fines; to provide for certain
7 penalties; to provide for an effective date; 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), 306, and 307 are hereby enacted to read as
10 follows:

11 §302. Definitions

12 For purposes of this Chapter:

13 * * *

14 (3) "Net revenue" means for all fantasy sports contests, the amount equal to
15 the total entry fees collected from all participants entering such fantasy sports
16 contests, less the winnings paid to participants in the contests.

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

20 * * *

21 §306. Taxation and fees

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 600 Engrossed

2019 Regular Session

Talbot

Abstract: Authorizes a 10% state tax on net gaming proceeds from fantasy sports contests and dedicates the avails of the tax to the La. Early Childhood Education Fund.

Present law establishes the "Louisiana Fantasy Sports Contests Act" that authorizes 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 real-world 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 provides 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 gaming and gambling by computer for fantasy sports contests.

Proposed law levies a 10% tax on the net revenue of fantasy sports contest gaming conducted in the state and requires the avails to be deposited into the La. Early Childhood Education Fund. Proposed law further requires all fees, fines and other monies collected pursuant to proposed law to be deposited into the La. Early Childhood Education Fund.

Proposed law provides for a \$10,000 fantasy sports contest license or permit fee.

Proposed law defines net revenue as an amount equal to the total entry fees collected from all participants entering fantasy sports contests, less the winnings paid to participants in the contests.

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

Proposed law imposes a civil penalty for certain gaming violations. The penalty shall not exceed \$1,000 for each individual violation, with a cap of \$50,000 for violations arising out of the same transaction or occurrence.

Effective July 1, 2019.

(Adds R.S. 27:302(3) and (4), 306, and 307)

Summary of Amendments Adopted by House

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

1. Change the term used in calculating the tax from net gaming proceeds, defined as total of all cash and property, including checks received by an operator or licensee, whether collected or not, from gaming operations, less the total of all cash paid out as winnings to net revenue defined as the amount equal to the total entry fees collected from all participants entered minus the winnings paid to participants.
2. Change the disposition of the avails of the tax from deposit into the state general fund each month, to deposit into the La. Early Childhood Education Fund. Further requires all fees and fines to be deposited into the La. Early Childhood Education Fund.
3. Impose a civil penalty for operators, holding or applying for a gaming license or permit, that violate any gaming regulation procedures of no more than \$1,000 for each violation, not to exceed \$50,000 for violations arising out of the same transaction or occurrence. Authorizes these fines to be recovered in a civil action by the La. Gaming Control Board.
4. Make technical changes.