

2020 First Extraordinary Session

HOUSE BILL NO. 64

BY REPRESENTATIVE STEFANSKI

TAX/GAMING: Levies a state tax on the net revenue of fantasy sports contests (Item #17)

1 AN ACT

2 To amend and reenact R.S. 27:302(8) and (9) and to enact R.S. 27:302(10) and 316, relative  
3 to taxation of fantasy sports contests; to levy a state tax on certain fantasy sports  
4 contests; to provide for the disposition of the avails of certain taxes; to provide for  
5 definitions; to provide for certain requirements and limitations; and to provide for  
6 related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 27:302(8) and (9) are hereby amended and reenacted and R.S.  
9 27:302(10) and 316 are hereby enacted to read as follows:

10 §302. Definitions

11 For purposes of this Chapter:

12 \* \* \*

13 (8) "Location percentage" means, ~~for each fantasy sports contest,~~ the  
14 percentage rounded to the nearest tenth of a percent of the total of entry fees  
15 collected from fantasy sports contest players located in the state of Louisiana,  
16 divided by the total entry fees collected from ~~such~~ all fantasy sports contest players  
17 participating in fantasy sports contests.

18 (9) "Net revenue" means, for all fantasy sports contests, the amount equal  
19 to the total entry fees collected from all participants entering such fantasy sports

1 contests, less the winnings paid to participants in the contests, multiplied by the  
2 location percentage for the state of Louisiana.

3 (10) "Operator's net revenue" means, for all fantasy sports contests, the  
4 amount equal to the total entry fees collected from all participants entering such  
5 fantasy sports contests, less the winnings paid to participants in the contests.

6 \* \* \*

7 §316. Taxation

8 A. There is hereby levied a tax of eight percent upon the net revenues of  
9 fantasy sports contests offered to consumers within this state, which shall be due and  
10 payable monthly.

11 B. The division shall collect all taxes imposed or assessed under the  
12 provisions of this Chapter. All taxes collected by the division shall be forwarded  
13 upon receipt to the state treasurer for immediate deposit into the state treasury. Funds  
14 so deposited shall be first credited to the Bond Security and Redemption Fund in  
15 accordance with Article VII, Section 9(B) of the Constitution of Louisiana. After  
16 complying with the provisions of the Bond Security and Redemption Fund, the state  
17 treasurer shall deposit the proceeds of the tax into the Louisiana Early Childhood  
18 Education Fund as established in R.S. 17:407.30.

19 Section 2. This Act shall become effective upon signature by the governor or, if not  
20 signed by the governor, upon expiration of the time for bills to become law without signature  
21 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
22 vetoed by the governor and subsequently approved by the legislature, this Act shall become  
23 effective on the day following such approval.

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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 64 Reengrossed

2020 First Extraordinary Session

Stefanski

**Abstract:** Levies an 8% state tax on net revenues of fantasy sports contests, defines net revenues, and dedicates 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 retains present law.

Proposed law defines "operator's net revenue" for purposes of reporting required by present law as the amount equal to the total entry fees collected from all participants entering such fantasy sports contests minus the winnings paid to participants in the contests.

Proposed law levies an 8% tax on the net revenue of fantasy sports contests offered to consumers within the state and provides that the tax is due and payable monthly.

Proposed law defines "net revenue" of fantasy sports as the amount equal to the total entry fees collected from all participants entering fantasy sports contests minus the winnings paid to participants in the contests, multiplied by the location percentage for the state of La.

Present law defines "location percentage" as, for each fantasy sports contest, the percentage rounded to the nearest tenth of a percent of the total of entry fees collected from fantasy sports contest players located in La. divided by the total entry fees collected from such players participating in fantasy sports contests.

Proposed law deletes the specification that the definition is for each fantasy sports contest. Otherwise retains present law.

Present law defines "entry fee" as cash or cash equivalent required to be paid by a fantasy sports contest participant to an operator to participate in a fantasy sports contest.

Proposed law provides that the division collects the tax and requires the tax to be deposited into the La. Early Childhood Education Fund established in present law following certain requirements established in the constitution.

Effective upon the signature of the governor or lapse of time for gubernatorial action.

(Amends R.S. 27:302(8) and (9); Adds R.S. 27:302(10) and 316)

#### Summary of Amendments Adopted by House

##### The House Floor Amendments to the engrossed bill:

1. Change definition of "operator's net revenue" from the amount equal to the total entry fees collected from all participants entering such fantasy sports contests to the amount equal to the total entry fees collected from all participants entering such fantasy sports contests less the amount of winnings paid out.
2. Provide for effectiveness.
3. Make technical changes.