
DIGEST

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HB 697 Reengrossed

2021 Regular Session

Stefanski

Abstract: Authorizes the Louisiana Lottery Corporation to conduct sports wagering and levies a tax on sports wagering gaming.

Proposed law provides for the issuance of fees and collection of taxes for the regulation of sports wagering including the following changes to present law:

- (1) Adds sports wagering to prohibited "gambling" crimes.
- (2) Adds sports wagering to definitions of "gaming supplier", "key" and "non-key gaming employees", and "non-gaming supplier".
- (3) Adds sports wagering to \$100,000 civil penalty provisions and civil penalty schedule.
- (4) Provides that manufacturers of sports wagering mechanisms pay same fees as video poker and slot machine manufacturers.
- (5) Provides that applicable laws regarding gaming and non-gaming suppliers and key and non-key gaming employees applies to sports wagering.

Proposed law defines net gaming proceeds as the amount equal to the total gross revenue of all wagers placed by patrons less the total amount of all winnings paid out to patrons and promotional play. Further provides promotional play shall not exceed an amount of \$5 million per calendar year and shall be equal to an amount of promotional play related to sports wagering and actually redeemed.

Proposed law provides for a sports wagering license fee. Provides that the initial application fee shall be \$250,000. Provides that the license fee shall be \$500,000 for a term of five years. Provides that the application and license fees shall be submitted to the gaming division of state police and shall be deposited into the proposed law Sports Wagering Enforcement Fund.

Proposed law provides for a sports wagering platform provider permit fee. Provides that the initial application fee shall be \$100,000. Provides that the sports wagering platform provider permit fee shall be \$250,000 for a term of five years. Provides that the application and permit fees shall be submitted to the gaming division of state police and shall be deposited into the proposed law Sports Wagering Enforcement Fund.

Proposed law provides for a sports wagering service provider permit fee. Provides that the initial application fee shall be \$10,000. Provides that the sports wagering service provider permit fee shall be \$12,500 for a term of five years. Provides that the application and permit fees shall be submitted to the gaming division of state police and shall be deposited into the proposed law Sports Wagering Enforcement Fund.

Proposed law provides for a sports wagering distributor permit fee. Provides that the initial application fee shall be \$5,000. Provides that the sports wagering distributor permit fee shall be \$2,500 for a term of five years. Provides that the application and permit fees shall be submitted to the gaming division of state police and shall be deposited into the proposed law Sports Wagering Enforcement Fund.

Proposed law provides for a state levy of 10% tax upon the net gaming proceeds from sports wagering offered to patrons at the licensed sports wagering establishment and a state levy of 15% upon the net gaming proceeds from sports wagering offered to patrons through a website or mobile application. Provides for the taxes to be collected by the gaming division of state police and forwarded to the state treasurer for immediate deposit into the treasury.

Proposed law creates the "Sports Wagering Enforcement Fund" in the state treasury. Provides that monies in the fund shall be withdrawn only pursuant to appropriation by the legislature and used solely for the expenses of the Dept. of Public Safety and Corrections, the Dept. of Justice, and the La. Gaming Control Board as may be necessary to carry out the provisions of proposed law and the rules of the board.

Present law provides for the operation of a state lottery by the La. Lottery Corporation (corporation).

Proposed law retains present law and authorizes the corporation to operate and administer sports wagering.

Proposed law authorizes the corporation through the adoption of rules to provide for the qualifications, standards, and procedures for permitting sports wagering including guidelines for the types of wagers, amounts of wagers, standards for use and protection of players, internal controls for the electronic wagering and the approval of retail establishments offering sports wagering.

Proposed law provides that present law provisions regarding lottery retailers, vendors, and criminal background checks apply to proposed law sports wagering.

Proposed law provides for a comprehensive authorization of the corporation to conduct sports wagering including the following major points:

- (1) Provides for annual reports to the legislature.
- (2) Provides for suitability standards for operating sports wagering which are comparable to present law standards for other forms of gaming.

- (3) Provides for the sports wagering platform providers specifications for operation.
- (4) Requires sports wagering platforms to provide safeguards to make sure that a person who is attempting to wager is at least 21 years of age.
- (5) Provides for a sports wagering platform permit, an application fee of \$100,000, and a permit fee of \$250,000.
- (6) Provides that a sports wagering platform provider permit has a term of five years.
- (7) Provides for sports wagering service providers.
- (8) Provides that the application fee for a sports wagering service provider is \$10,000 and that the permit fee is \$12,500 for a five-year term.
- (9) Provides for limitations on who may wager, and the types of wagers which may be accepted by the operator.
- (10) Provides for the specifications of sports wagering mechanisms.
- (11) Provides for the requirements for wagering through a website or mobile application.
- (12) Provides for the awarding and payment of prizes.
- (13) Provides for withholding of prize money from persons with outstanding child support arrearages which is provided for in present law with other forms of gaming.

Proposed law defines retail establishments as:

- (1) Any establishment that has a Class A-General retail or restaurant permit for the sale of alcoholic beverages for on premises consumption and that is located in a parish that approved a proposition to authorize sports wagering.
- (2) Any establishment that holds a retail food establishment permit pursuant to the provisions of present law (LAC 51:XXIII 101 et seq.) and is located within a parish that approved a proposition to authorize sports wagering but is prohibited from holding a Class A-General retail permit or a Class A-Restaurant permit for the sale of alcoholic beverages for on-premises consumption.

Proposed law provides for an initial application fee of \$1,000 and a permit fee of \$100 for a one-year permit for retail establishments.

Proposed law provides that all application fees are non-refundable.

Proposed law provides for a state levy of 10% tax upon the net gaming proceeds from sports wagering offered to patrons onsite at a permitted retail establishment and a state levy of 15% upon the net gaming proceeds from sports wagering offered to patrons through a website or mobile application by the corporation.

Proposed law provides that within 20 days after the last day of each calendar month, the corporation shall collect the taxes imposed pursuant to proposed law on net gaming proceeds for the immediately preceding calendar month.

Taxes collected by the corporation pursuant to proposed law shall be deposited into the Community and Family Support System Fund as provided in present law.

Proposed law provides that in a month when the amount of net gaming proceeds of an operator from sports wagering is a negative number, the operator may carry over the negative amount to the return filed for the subsequent month. Further provides no amount shall be carried over in any period more than 12 months after the month in which the amount carried over was originally due.

Proposed law provides within 20 days following the close of each calendar month, the corporation shall transfer to the Lottery Sports Wagering Fund the amount of net revenue which the corporation determines are surplus to its needs. Net revenues shall be determined by deducting from the corporation's net gaming proceeds the payment costs incurred or estimated to be incurred in the operation and administration of sports wagering. These costs shall include the expenses of the corporation and the costs resulting from determining applicant suitability, and any contracts entered into for promotional, advertising, or operational services or for the purchase or lease of sports wagering equipment and materials.

Proposed law creates the Lottery Sports Wagering Fund. Proposed law provides that the treasurer shall deposit corporation net revenue as determined in proposed law. Further provides monies in the fund shall be withdrawn only pursuant to appropriation by the legislature and shall be used solely for the expenses provided pursuant to proposed law.

(Amends R.S. 13:4721, R.S. 14:90.5(A)-(C), R.S. 27:3(10), (15), (17), and (19), 15(D) and (E), 29.1(D) and (E), 29.2(A), (B), (D), and (E), 29.3(A), 29.4(D), R.S. 47:9001, 9002, 9006(B), 9009(B)(1) and (C), 9010(E), 9015(D), and 9029(A)(1); Adds R.S. 14:90(E) and 90.3(K), R.S. 27:92(D), R.S. 27:621-627, and R.S. 47:9091-9107)

Summary of Amendments Adopted by House

The House Floor Amendments to the engrossed bill:

1. Remove certain definitions and add new definitions.
2. Remove language that provides application and permit fees be submitted to the Gaming Control Board.

3. Specify that sports wagering conducted through a mobile application or a website on the premises of a licensed sports wagering establishment shall be considered electronic wagering and taxed as such.
4. Change the tax levied on electronic wagering through a website or mobile application from 18% to 15% of net gaming proceeds.
5. Add provisions that require the state police division of gaming to collect taxes imposed in proposed law within 20 days following the last day of each calendar month.
6. Add provisions that permit operators to carry forward certain tax liability to a subsequent month when the amount of net gaming proceeds is negative.
7. Add provisions that state eligible promotional play shall not exceed \$5 million per calendar year and shall be equal to the amount of dollars directly attributable to promotional play wagers related to sports wagering and actually redeemed by players.
8. Remove provisions related to the creation of a Developmental Disability Services Subfund within the New Opportunities Waiver Fund.
9. Clarify that the La. Lottery Corporation (corporation) shall be required to contract with a sports wagering service provider to operate and administer a sports wagering book.
10. Add provisions that require the corporation to promulgate rules related to the suitability and qualifications of certain applicants and permittees.
11. Remove provisions requiring the sports wagering platform provider to be responsible for the conduct of any sports wagering service provider.
12. Remove provisions stating the corporation shall deposit certain fees into the Louisiana Lottery Proceeds Funds.
13. Add provisions that require only distributors domiciled in La. be permitted for the services of collection and repair of sports wagering mechanisms.
14. Add provisions requiring the corporation to adopt written policies and rules to guarantee that multiple distributors and vendors shall contract with the operator to provide maximum opportunities for economic development.
15. Remove provisions that allow businesses permitted to sell lottery tickets to host sports wagering mechanisms.
16. Add language that allows establishments with certain restaurant permits located in parishes that approved sports wagering but are also located in a municipality which prohibits certain alcohol licenses to host a sports wagering mechanism.

17. Add provisions that require the corporation to provide by rule the minimum requirements of a contract between a sports wagering platform provider and a retail establishment and requires the retail establishment to be paid the greater of 1½% of the cash accumulated in the sports wagering mechanisms on the retail establishment's premises or 10% of the net gaming proceeds of all wagers placed by patrons without a sports wagering mechanism located on the retail establishment's premises and on wagers placed through an operator website or mobile application.
18. Add provisions that prohibit players from collecting winnings from sports wagering mechanisms in any form other than as credits to the sports wagering account of the player.
19. Change the tax levied on sports wagering conducted through the operator of the corporation.
20. Remove certain taxation provisions and add provisions that levy a 10% tax on the net gaming proceeds of an operator on sports wagering offered within the state at certain permitted retail establishments through a sports wagering mechanism.
21. Remove certain taxation provisions and add provisions that a levy a 15% tax on the net gaming proceeds of an operator on sports wagering offered to consumers electronically through an operator website or mobile application.
22. Add provisions that provide all taxes collected from sports wagering conducted through the corporation be deposited into the Community and Family Support System Fund provided for in present law.
23. Add provisions that permit operators to carry forward certain tax liability to a subsequent month when the amount of net gaming proceeds is negative.
24. Create the Lottery Sports Wagering Fund to be used solely for the administrative expenses of sports wagering administered by the corporation and for the minimum foundation program.
25. Add provisions that require the corporation to transfer net revenues the corporation determines are surplus to the Lottery Sports Wagering Fund within 20 days following the last day of each calendar month.
26. Make technical changes.