

RÉSUMÉ DIGEST

ACT 80 (HB 697)

2021 Regular Session

Stefanski

Act Number 440 of the 2021 Regular Session provides for the La. Sports Wagering Act which establishes the administration of certain sports wagering gaming.

New law excludes sports wagering conducted in accordance with new law from the definition of gambling houses. Further provides sports wagering conducted in accordance with new law shall not be considered gambling as defined in existing law or gambling by computer as defined in existing law.

New law establishes a civil penalty not to exceed \$100,000 for each violation of any provision of the La. Sports Wagering Act or administrative rule promulgated by the La. Gaming control Board (board). Further allows the board to adopt by rule a schedule of penalties for violations of the La. Sports Wagering Act or other administrative rules.

New law adds sports wagering to definitions of "gaming supplier", "key" and "non-key gaming employees", and "non-gaming supplier" in existing law.

New 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.

New 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 Provides that monies in the fund shall be withdrawn only pursuant to appropriation by the legislature and used solely for the expenses of the Dept.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 board as may be necessary to carry out the provisions of new law and the rules of the board.

New law provides for a non-refundable sports wagering license fee. Further provides that the initial application fee is \$250,000. Provides that the license fee is \$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 Sports Wagering Enforcement Fund.

New law provides for a non-refundable sports wagering platform provider permit fee. Further provides that the initial application fee is \$100,000. Provides that the sports wagering platform provider permit fee is \$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 Sports Wagering Enforcement Fund.

New law establishes a sports wagering mechanism manufacturer permit. Further provides that the permit fee is \$15,000.

New law provides for a non-refundable sports wagering service provider permit fee. Provides that the initial application fee is \$10,000. Provides that the sports wagering service provider permit fee is \$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 Sports Wagering Enforcement Fund.

New law provides for a sports wagering distributor permit fee. Provides that the initial application fee is \$5,000. Provides that the sports wagering distributor permit fee is \$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 Sports Wagering Enforcement Fund.

New law provides for a state tax levy of 10% upon the net gaming proceeds from sports wagering offered to patrons at a 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. Further provides that within 20 days of the last calendar month the gaming division of state police shall collect all taxes owed and forward them to the treasurer for immediate deposit into the treasury.

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

New law authorizes the corporation to operate and administer sports wagering gaming.

New law defines sports wagering as the acceptance of a wager on a sports event or on a portion of a sports event or on the individual performance or statistics of an athlete or participant in a sports event or a combination of sports events, by any system or method of wagering.

New law defines a sports wager or bet as a sum of money or value risked by a player on an occurrence associated with a sports event for which the outcome is uncertain.

New law defines sports wagering mechanism as a corporation approved self-service mechanical, electrical, or computerized terminal, device, apparatus, or piece of equipment that is directly tied to the central system of the sports wagering platform provider approved by and contracting with the corporation which allows a patron to place a sports wager on premises of a permitted retail establishment.

New law defines sports wagering platform as an integrated system of hardware, software, or applications, including mobile applications and servers, through which an operator conducts the business of offering sports wagering conducted on behalf of the corporation.

New law defines sports wagering platform provider or operator as a suitable person that holds a permit from the corporation to engage in the operator of a sports book on behalf of the corporation.

New law provides for a public records exception for certain sports wagering account records.

New law provides that any money received by the corporation as a result of sports wagering operation shall be separate and distinct from the monies received by the corporation from all other sources. Further provides monies resulting from sports wagering shall not be deposited into the corporation's corporate operating account.

New law requires the corporation to contract with a sports wagering platform provider to operate a sports book on behalf of the corporation. Further provides the corporation and its platform provider shall only offer sports wagering through the use of a sports wagering mechanism, website, or mobile application.

New law defines net gaming proceeds as the amount of money equal to the total gross revenue of all sports wagers placed by patrons less the total amount of all winnings paid out to patrons.

New law authorizes and requires the corporation to adopt administrative rules to provide for the qualifications, standards, and procedures for permitting sports wagering.

New law requires the rules to include guidelines for the types of wagers, method of accepting wagers, and the amounts of wagers.

New law further requires the rules to include standards for use and protection of players, internal controls for the electronic wagering, the types of records to be kept, suitability requirements, and the approval of retail establishments offering sports wagering.

New law provides that certain existing law provisions regarding lottery retailers, vendors, and criminal background checks apply to new law sports wagering administered by the corporation.

New law requires an annual report to be submitted to the legislature. The report shall include the impact of sports wagering on sports events, retail establishments, problem gamblers, and gambling addiction in La.

New law establishes suitability standards for operating sports wagering and sports wagering platform providers.

New law authorizes the corporation to issue a sports wagering platform provider permit to a suitable person to manage or operate the corporation's sports book line-of-business.

New law prohibits a sports wagering platform provider from using more than one sports wagering platform to offer the sports book on behalf of a corporation.

New law requires all servers necessary to place wagers to be physically located in La.

New law provides the initial application fee for a sports wagering platform provider permit is \$100,000. Further provides that the permit term is five years and the permit fee is \$250,000.

New law authorizes the corporation to issue a sports wagering service provider permit to suitable persons who contract with an operator to provide support services for an operator's sports book.

New law provides the initial application fee for a sports wagering service provider permit is \$10,000. Further provides that the permit term is five years and the permit fee is \$12,500.

New law authorizes the corporation to issue a sports wagering distributor permit to any suitable business that markets, buys, sells, leases, services or repairs sports wagering mechanisms in La.

New law provides that the initial application fee for a sports wagering distributor permit is \$5,000. Further provides that the permit term is five years and the permit fee is \$2,500.

New law requires the corporation to adopt written policies and rules to guarantee that multiple distributors and vendors contract with the operator.

New law provides that the corporation may issue a retail establishment permit to a suitable person to contract with an operator to host a sports wagering mechanism.

New law provides the initial application fee for a retail establishment permit is \$1,000. Further provides that the permit term is one year and the permit fee is \$100.

New law provides "retail establishment," for purposes of new law, means either:

- (1) An 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) An establishment that holds a retail food establishment permit pursuant to the provisions of existing 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.

New law requires the corporation to provide by rule the minimum requirements of a contract between its sports wagering platform provider and a retail establishment. Contracts shall include language requiring the retail establishment to be paid the greater of the following each month in consideration for hosting a sports wagering mechanism:

- (1) One and one half percent of the cash accumulated in the sports wagering mechanisms located on the retail establishment's premisses.
- (2) Ten percent of the net gaming proceeds of all wagers placed by patrons through a sports wagering mechanism and wagers placed through an operator website or application which the patron is located at the retail establishment.

New law further provides that this money shall be remitted to the retail establishment within 20 days of the end of each calendar month for the immediately preceding calendar month.

New law requires the corporation to confirm that a player placing a wager is at least 21 years old, is physically located in a parish that has approved sports wagering, has a sports wagering

account established with the operator, and is not prohibited from wagering by law, rule, policy, or self-exclusion.

New law prohibits the operator from knowingly accepting a wager from a person who is an athlete, coach, referee, other official, staff, or participant of the event for which the wager is placed. Further prohibits the operator from knowingly accepting a wager from a person who is a director, officer, owner, or employee of the operator or a relative of any of those listed.

New law specifies the types of events and wagers which are prohibited for purposes of sports wagering.

New law establishes a list of actions the operator is required to report to the corporation.

New law requires operators to display the odds at which wagers may be placed on sports events and prohibits accepting a wager unless the wagering proposition is posted by electronic or manual means.

New law permits corporations to accept wagers made electronically using a sports wagering mechanism only on the premises of a permitted retail establishment or through a website or mobile application.

New law provides that a player may place a wager via a sports wagering mechanism with cash or using the player's sports wagering account. Further provides that a player may use a sports wagering mechanism to make a deposit into their account.

New law requires a wager placed with cash through a sports wagering mechanism to be evidenced by a ticket.

New law provides that wagers placed through a sports wagering mechanism may be settled through the player's sports wagering account in the form of a credit. Further provides that a player with a winning ticket shall redeem the ticket within 180 days of the event the wager was placed on at an establishment designated by the corporation.

New law provides for the specifications of sports wagering mechanisms.

New law provides for the requirements for wagering through a website or mobile application.

New law provides the requirements and procedures for awarding prizes.

New law provides for withholding of prize money from persons with outstanding child support arrearages.

New law levies a 10% state tax upon the net gaming proceeds from sports wagering offered to patrons onsite at a permitted retail establishment. Further levies a 15% state tax upon the net gaming proceeds from sports wagering offered to patrons through a website or mobile application by the corporation.

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

Taxes collected by the corporation pursuant to new law shall be deposited into the Community and Family Support System Fund.

New law provides that in a month in which the amount of net gaming proceeds is a negative number, the operator may carry over the negative amount to the return filed for the subsequent month. Further provides that 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.

New law creates the Lottery Sports Wagering Fund. New law provides that the treasurer shall deposit into the fund corporation net revenue as determined in new 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 new law.

New law provides that 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.

New law provides that 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.

Effective if and when the Act which originated as Senate Bill No. 202 of the 2021 Regular Session is enacted and becomes effective.

(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)