HLS 19RS-1197 REENGROSSED

2019 Regular Session

HOUSE BILL NO. 600

1

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

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

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1	§306. Taxation and fees
2	A. There is hereby levied a tax of fifteen percent upon the net revenue of
3	fantasy sports contests offered to consumers within this state, which shall be due and
4	payable monthly. Five percent of the net sports wagering proceeds shall be remitted,
5	by proportionate distribution, to each parish governing authority in which the taxable
6	conduct occurred.
7	B. The annual fee for a fantasy sports contest license or permit shall be
8	fifteen thousand dollars. This fee is required to be submitted to the division on the
9	anniversary date of the issuance of the license or permit.
10	C. The division shall collect all fees, fines, and state taxes imposed or
11	assessed under the provision of this Chapter and under the rules and regulations of
12	the board.
13	D. All fees, fines, revenues, state taxes, and other monies collected by the
14	division shall be forwarded upon receipt to the state treasurer for immediate deposit
15	into the state treasury. Funds so deposited shall first be credited to the Bond Security
16	and Redemption Fund in accordance with Article VII, Section 9(B) of the
17	Constitution of Louisiana. After complying with the provisions of the Bond Security
18	and Redemption Fund, the state treasurer shall deposit, each month, the remainder
19	of the avails of the taxes collected pursuant to this Section into the Louisiana Early
20	Childhood Education Fund as established in R.S. 17:407.30.
21	E. An amount shall be allocated to the Department of Public Safety and
22	Corrections and to the Department of Justice, pursuant to legislative appropriation,
23	for regulatory, administrative, investigative, enforcement, legal, and other such
24	expenses as may be necessary to carry out the provisions of this Chapter and for
25	activities associated with the enforcement of laws and regulations governing fantasy
26	sports contests.

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1 §307. Civil penalty

Any fantasy sports contest operator who violates any procedure implemented pursuant to this Chapter shall be liable for a civil penalty of not more than one thousand dollars for each violation, not to exceed fifty thousand dollars for violations arising out of the same transaction or occurrence, which shall accrue to the state and may be recovered in a civil action brought by the board.

Section 2. This Act shall become effective on July 1, 2019.

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 Reengrossed

2019 Regular Session

Talbot

Abstract: Authorizes a 15% state tax on net gaming proceeds from fantasy sports contests and dedicates the tax to the La. Early Childhood Education Fund and to parish governing authorities in which fantasy sports contests occurred.

<u>Present law</u> 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.

<u>Present law</u> 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.

<u>Present law</u> 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, <u>present law</u> provides the following:

(1) Authorizes fantasy sports contests only in those parishes that approved the proposition to permit fantasy sports contests in the parish.

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CODING: Words in struck through type are deletions from existing law; words <u>underscored</u> are additions.

(2) Provides an exception to crimes in <u>present law</u> for gaming and gambling by computer for fantasy sports contests.

<u>Proposed law</u> levies a 15% tax on the net revenue of fantasy sports contests conducted in the state and requires 10% of the net revenue of fantasy sports contests deposited into the La. Early Childhood Education Fund and 5% of the net sports wagering proceeds to be remitted, by proportionate distribution, to each parish governing authority in which the taxable conduct occurred. <u>Proposed law</u> further requires all fees, fines and other monies collected pursuant to <u>proposed law</u> to be deposited into the La. Early Childhood Education Fund.

Proposed law provides for a \$15,000 fantasy sports contest license or permit fee.

<u>Proposed law</u> 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.

<u>Proposed law</u> requires the tax levied on fantasy sports contests to be collected by the division. <u>Proposed law</u> authorizes the legislature to appropriate money to be allocated to the Dept. of Public Safety and Corrections and to the Dept. of Justice for regulatory, administrative, investigative, enforcement, and legal expenses related to fantasy sports contests.

<u>Proposed law</u> 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 <u>House Committee on Ways and Means</u> to the <u>original</u> bill:

- 1. Change the term used in calculating the tax <u>from</u> 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 <u>to</u> 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 <u>from</u> deposit into the state general fund each month, <u>to</u> 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.

The House Floor Amendments to the engrossed bill:

- 1. Increase the tax levied on the net revenue of fantasy sports contests <u>from</u> 10% <u>to</u> 15% and increase the annual fee for a fantasy sports contest or license <u>from</u> \$10,000 <u>to</u> \$15,000.
- 2. Require 5% of the net sports wagering proceeds to be remitted, by proportionate distribution, to each parish governing authority in which the taxable conduct occurred.
- 3. Authorize the legislature to appropriate money to the Dept. of Public Safety and Corrections and to the Dept. of Justice for regulatory, administrative, investigative, enforcement, legal and other expenses related to administration of sports wagering activities.