To amend and reenact R.S. 27:302 and 304 and to enact R.S. 27:306 through 316, relative to fantasy sports contests; to provide relative to the Louisiana Fantasy Sports Contests Act; to provide for definitions; to provide for the licensing and suitability of fantasy sports contest operators; to provide relative to the issuance or denial of licenses; to prohibit the transfer of licenses; to provide penalties for allowing persons under twenty-one years of age to be a fantasy sports contest player; to provide relative to administrative rules; to provide relative to winnings of players with outstanding child support orders; to provide for periodic reporting; to provide relative to civil penalties; to provide relative to revocation or suspension of a license; to provide relative to investigations; to provide for obligations to participants; to provide for inactive accounts; to provide for effectiveness; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 27:302 and 304 are hereby amended and reenacted and R.S. 27:306 through 316 are hereby enacted to read as follows:

§302. Definitions

For purposes of this Chapter:

(1) "Board" means the Louisiana Gaming Control Board.
(2) "Confidential information" means information related to the play of a fantasy sports contest by fantasy sports contest players that is obtained as a result of or by virtue of a person's employment.

(3) "Entry fee" means cash or cash equivalent that is required to be paid by a fantasy sports contest participant to a fantasy sports contest operator in order to participate in a fantasy sports contest.

(4) "Fantasy sports contest" means any fantasy or simulation sports game or contest played through the internet or mobile device with all of the following elements:

(a) Participants create a simulation sports team based on the current membership of actual amateur or professional sports organizations.

(b) All prizes and awards offered to winning participants are established and made known to the participants in advance of the game or contest, and the value of the prizes or awards is not determined by the number of participants or the amount of any fees paid by those participants.

(c) All winning outcomes reflect the relative knowledge and skill of the participant and are predominantly determined by accumulated statistical results of the performance of the individuals, including athletes in the case of sporting events.

(d) No winning outcome is based on either of the following:

(i) On the score, point-spread, or any performance or performances of any single real-world team or any combination of such teams.

(ii) Solely on any single performance of an individual athlete in any single real-world sporting or other event.

(5) "Fantasy sports contest operator" or "operator" means a person or entity that is licensed by the board to offer a platform for the playing of fantasy sports contests, to administer one or more fantasy sports contests with an entry fee, and to award a prize of value.

(6) "Fantasy sports contest player" or "player" means a person who participates in a fantasy sports contest offered by a fantasy sports contest operator.
(7) "Gross fantasy sports contest revenues" means the amount equal to the total of all entry fees that a fantasy sports contest operator collects from all fantasy sports contest players, multiplied by the location percentage for the state of Louisiana.

(8) "Location percentage" means, 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 the state of Louisiana, divided by the total entry fees collected from such players participating in fantasy sports contests.

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

* * *

§304. Gaming Control Board; duties and powers

A. The board shall perform the duties and functions as authorized by the provisions of this Chapter and the regulatory authority with respect to the regulation of fantasy sports contests as provided by R.S. 27:15.

B. The board shall adopt, pursuant to the Administrative Procedure Act, all rules necessary to implement, administer, and regulate fantasy sports contests as authorized in this Chapter. The rules shall include but not be limited to the following:

(l) The issuance of any license, contract, or permit authorized by this Chapter, subject to regulation of the board.

(2) The methods of and forms and procedures for making an application for a license, contract, or permit to be considered by the board.

(3) The methods of and forms for providing to the board information concerning a person's family, habits, character, associates, criminal record, business activities, and financial affairs.

(4) Enforcement of this Chapter, gaming laws administered by the board, and rules of the board, including imposition and collection of fines, penalties, and other...
sanctions which may be imposed by the board against an operator or any other
licensee or permittee of the board.

(5) A procedure requiring the withholding of winnings of persons who have
outstanding child support arrearages or owing child support overpayments.
Winnings shall include only payments for which the operator licensed under this
Chapter is required to file form W2-G, or a substantially equivalent form, with the
United States Internal Revenue Service.

(a) The board may require that the agency reporting current child support
arrearages or overpayments provide information relating to such arrearages or
overpayments in a manner, format, or record approved by the board that gives the
operator licensed under the Chapter real-time or immediate electronic database
access to the information. If the information relating to such arrearages or
overpayments by the agency reporting current child support arrearages or
overpayments is not available through real-time or immediate electronic database
access, the operator shall not be responsible for withholding cash gaming winnings
in accordance with the provisions of this Subparagraph.

(b) The board or operator licensed under this Chapter, including any of its
officers, employees, attorneys, accountants, or other agents, shall not be civilly or
criminally liable to any person, including any player, for any disclosure of
information made in accordance with this Section, for encumbering or surrendering
assets in response to information provided by the Department of Children and Family
Services, or for any claims for damages arising from withholding or failing to
withhold any winnings, based upon information provided to it.

(c) If any operator licensed under this Chapter determines that the winner is
a player who has outstanding child support arrearages or owes child support
overpayments, the operator licensed under this Chapter shall deduct the child support
arrearage or child support overpayment from the payment of the winnings. The
deducted amount shall be forwarded to the Department of Children and Family
Services within seven days and the operator licensed under this Chapter shall pay the
remainder to the player who has outstanding child support arrearages or owes child
support overpayments. If the remainder is equal to or less than zero, the player who
has an outstanding child support arrearage or child support overpayment shall not
receive a payment.

(d) Any operator licensed under this Chapter may deduct an administrative
fee from each payment of winnings, of players who have outstanding child support
arrearages or owe child support overpayments per singular or periodic payment, not
to exceed thirty-five dollars.

(e) The board shall also require that the operator licensed under this Chapter
to adopt procedures designed to prevent employees from willfully failing to withhold
payments of winnings from players who have outstanding child support arrearages
or child support overpayments, based upon the information provided by the
Department of Children and Family Services that allows the operator to identify such
persons.

(f) Not later than July 1, 2019, the board shall institute rulemaking procedures
as necessary to implement the provisions of this Paragraph.

C.(1) Subject to the provisions of Article VII, Section 2.1 of the Constitution
of Louisiana, and in accordance with the Administrative Procedure Act, the board
may assess and provide for the imposition and collection of such fees as may be
necessary to defray administrative costs associated with the application for and the
investigation, granting, or renewal of licenses and permits.

(2) Any fine or other monetary penalty collected by the board or its staff shall
be remitted to state treasury for deposit into the state general fund.

D. Upon direction of the board, the office of state police and the attorney
general shall submit proposed rules to the board for consideration, modification, and
promulgation as provided in this Section.

E. The board shall not adopt rules and regulations pertaining to campaign
finance and contributions which are more restrictive than the provisions of law found
generally in Chapter 11 of Title 18 of the Louisiana Revised Statutes of 1950, and
specifically in R.S. 18:1505.2(L).

*          *          *

CODING: Words in struck through type are deletions from existing law; words underscored are additions.
§306. Licensing of fantasy sports contest operators

A. No fantasy sports contest operator shall offer any fantasy sports contest in this state without first being licensed by the board. Applications for licensure shall be on forms provided by the board.

B. Before obtaining a license to offer fantasy sports contests in this state, a fantasy sports contest operator shall:

(1) Be a person domiciled in Louisiana or a domestic business entity with a certificate of existence from the Secretary of State and in good standing or a foreign corporation with a certificate of authority to transact business in this state from the Secretary of State and in good standing.

(2) Demonstrate to the board that the operator is suitable for licensing pursuant to R.S. 27:28.

C. Any fantasy sports contest operator that allows its license to lapse, without requesting an extension of time to file for renewal of the license, shall be required to resubmit an initial application for licensure. An extension may be granted by the board upon receipt of a written request prior to the lapse of the license.

D. A license issued by the board to a fantasy sports contest operator shall not be transferable.

§307. Issuance or denial of license

A. The board shall consider all applications for licensure and shall issue a valid license to an applicant that meets the criteria set forth in this Chapter.

B. The board shall deny a license to any applicant who does not meet the criteria as set forth in this Chapter and as established by the board.

C. The board shall issue or deny an operator's license within sixty days of receipt of an application for licensure. If a license is not issued, the board shall provide the operator with specific reasons for not issuing a license.

D. A license issued by the board to a fantasy sports contest operator shall not be transferable.

§308. License requirements
A. As a condition of licensure, a fantasy sports contest operator shall submit evidence to the board that the operator has established and will implement commercially reasonable procedures for fantasy sports contests with an entry fee that:

(1) Prevent employees of the fantasy sports contest operator, and relatives of an employee living in the same household as an employee of an operator, from competing in fantasy sports contests offered by an operator in which the operator offers a cash prize to the general public.

(2) Prevent sharing of confidential information that could affect fantasy sports contests with third parties until the information is made publicly available.

(3) Provide that no winning outcome is based on the score, point spread, or any performance of any single actual sports team or combination of such teams or solely on any single performance of an individual athlete or participant in any single actual sporting event.

(4) Ensure that any of following persons do not participate in fantasy sports contests:

(a) Athletes and individuals who participate in or officiate a game or competition that is the subject of a fantasy sports contest.

(b) Any sports agent, team employee, referee, or league official associated with a sport or athletic event.

(5) Verify that a fantasy sports contest player is twenty-one years of age or older.

(6) Provide fantasy sports contest players with access to information on responsible play.

(7) Provide fantasy sports contest players with access to information on seeking assistance regarding compulsive or problem gambling.

(8) Provide fantasy sports contest players with access to the fantasy sports contest player's play history and account details.
(9) Allow individuals to restrict themselves from entering a fantasy sports contest upon request and provide reasonable steps to prevent the person entering fantasy sports contests offered by an operator.

(10) Disclose the limit on the number of entries that a fantasy sports contest player may submit in a fantasy sports contest and provide reasonable steps to prevent players from submitting more than the limit.

(11) Segregate fantasy sports contest player funds from operational funds or maintain a reserve that exceeds the amount of player funds on deposit, which may not be used for operational activities. Reserve funds may take the form of cash, cash equivalents, payment process reserves, payment processor receivables, an irrevocable letter of credit, a bond, or a combination thereof, in the amount that must exceed the total balances of the fantasy sports contest players’ accounts.

B. A fantasy sports contest operator shall not offer fantasy sports contests based on the performances of participants in high school or youth athletic events.

C. A fantasy sports contest operator shall not offer a fantasy sports contest to the general public that does not establish and make known all prizes and awards offered to winning participants in advance of the game or contest.

D. A licensed fantasy sports contest operator shall:

(1) Annually contract with a certified public accountant to conduct an independent audit that is consistent with the standards accepted by the American Institute of Certified Public Accountants.

(2) Submit to the board a copy of the audit report.

§309. Allowing underage persons to play fantasy sports contests; penalties; revocation hearing

A.(1) No person licensed pursuant to the provisions of this Chapter, or any agent or employee thereof, shall allow a person under the age of twenty-one years to be a fantasy sports contest player.

(2) No person licensed pursuant to the provisions of this Chapter, or any agent or employee thereof, shall allow a person to participate in a fantasy sports contest in a parish in which, at the election held pursuant to R.S. 27:303, a majority
of the qualified electors in the parish voting on the proposition to authorize fantasy
sports contests in the parish voted against the proposition.

B.(1) The person licensed pursuant to the provisions of this Chapter shall
withhold all winnings from fantasy sports contest players who are determined to be
under the age of twenty-one years and from fantasy sports contest players
participating in a fantasy sports contest in a parish in which, at the election held
pursuant to R.S. 27:303, a majority of the qualified electors in the parish voting on
the proposition to authorize fantasy sports contests in the parish voted against the
proposition.

(2) The person licensed pursuant to the provisions of this Chapter shall each
quarter report and remit to the division all winnings withheld from fantasy sports
contest players pursuant to the provisions of this Section.

C.(1) Violations of Paragraph (A)(1) of this Section shall be penalized by the
division as follows:

(a) If the licensee, his employee, or agent reasonably believed that the person
was twenty-one years of age or older:

(i) For a first or second violation, a fine of one thousand dollars shall be
imposed.

(ii) For a third or subsequent violation, a license revocation hearing shall be
conducted at which time the board shall determine whether or not there are
extenuating circumstances pursuant to which a license suspension or revocation
should not be imposed. At the conclusion of the hearing, the board may revoke or
suspend the license or, in lieu of the revocation or suspension of a license, the board
may impose a civil penalty not to exceed fifty thousand dollars for each violation.

Payment of the civil penalty shall be a requirement for the retention of the license
held by the entity.

(b) If the licensee, his employee, or agent is shown to have known or
reasonably believed he was allowing a person under the age of twenty-one years to
be a fantasy sports contest player, or for allowing a person under the age of fifteen
years to be a fantasy sports contest player regardless of what the licensee, his
employee, or agent knew or reasonably believed about the age of that person:
(i) For a first or second violation, license revocation may be imposed.
(ii) For a first or second violation, a fine of one thousand dollars shall be
imposed if the license is not revoked.
(iii) For a third or subsequent violation, a license revocation hearing shall be
conducted at which time the board shall determine whether or not there are
extenuating circumstances pursuant to which a license suspension or revocation
should not be imposed. At the conclusion of the hearing, the board may revoke or
suspend a license or, in lieu of the revocation or suspension of a license, the board
may impose a civil penalty not to exceed fifty thousand dollars for each violation.
Payment of the civil penalty shall be a requirement for the retention of the license
held by the entity.
(2) Violations of Paragraph (A)(2) of this Section shall be penalized by the
division as follows:
(a) For a first or second violation, license revocation may be imposed.
(b) For a first or second violation, a fine of one thousand dollars shall be
imposed if the license is not revoked.
(c) For a third or subsequent violation, a license revocation hearing shall be
conducted at which time the board shall determine whether or not there are
extenuating circumstances pursuant to which a license suspension or revocation
should not be imposed. At the conclusion of the hearing, the board may revoke or
suspend a license or, in lieu of the revocation or suspension of a license, the board
may impose a civil penalty not to exceed fifty thousand dollars for each violation.
Payment of the civil penalty shall be a requirement for the retention of the license
held by the entity.
D.(1) A licensee shall be provided notice of the charged violation and may
concede the violation and accept the penalty or may deny the violation and demand
a hearing be held, pursuant to R.S. 27:25, to make a determination regarding the
charge.
(2) A violation shall have occurred only if the charged violation is conceded
by the licensee to have occurred or is found to have occurred at a hearing held for
that purpose.

(3) For the purposes of determining whether a second or subsequent
violation has occurred, every violation shall have occurred on a separate occasion,
at the same licensed location, and only violations that have occurred within a one-
year period, regardless of when they were charged, conceded, or found to have
occurred, shall be considered.

(4) For persons having more than one license issued pursuant to the
provisions of this Chapter, license revocation as provided in this Subsection, shall
apply only to the license of the fantasy sports contest operator of the platform on
which the violation occurred.

E.(1) It is unlawful for any person under twenty-one years of age to be a
fantasy sports contest player.

(2) Whoever violates the provisions of this Subsection shall be fined not
more than one hundred dollars.

(3) Any person apprehended while violating the provisions of this
Subsection may be issued a citation by the apprehending law enforcement officer,
which shall be paid in the same manner as provided for the offenders of local traffic
violations.

§310. Reporting of gaming proceeds

An operator shall periodically report the following information to the
division, which is not confidential and shall be available for public inspection:

(1) The operator's gross fantasy sports contest revenues.

(2) The operator's net revenue.

(3) Quarterly and annual financial statements regarding their operations in
Louisiana submitted to the division that present historical data, including annual
financial statements that have been audited by an independent certified public
accountant as required by R.S. 27:308(D).
§311. Child support orders

A. The legislature further finds and declares it to be the public policy of the state that parents should provide financial support to their minor children who cannot care for themselves. Thus, intervention by the state, through the enforcement of child support orders and the collection of child support, is in the best interest of its citizens and is necessary when the parents fail to meet their support obligations. Since children are adversely affected when parents who have outstanding support obligations divert their financial support to gaming, a parent's winnings from money diverted from a child's support should be applied to the parent's outstanding support obligations. The legislature further finds and declares that this policy is consistent with the public policy of protecting the general welfare of the state's people.

B. In accordance with this finding, the Department of Children and Family Services shall report to the joint committees on Civil Law and Procedure and Judiciary A, no later than fifteen days following the commencement of the regular legislative session each year, on the interception and seizure of gaming winnings for the payment of child support and overpayments owed to the department. This report shall be a public record and shall include but not be limited to the total dollar amount of winnings intercepted pursuant to this Section and the dollar amount of each intercepted.

§312. Civil penalties; adoption of schedule of penalties

A.(1) All civil penalties for violations of this Chapter or any rule of the board governing this Chapter shall be adopted as a schedule of penalties.

(2) The Louisiana Gaming Control Board shall adopt as a rule the schedule of penalties provided for by this Subsection. All rules shall be adopted pursuant to the provisions of the Administrative Procedure Act.

B.(1) The board or division, as may be applicable, shall review the penalty schedule provided for in Subsection A of this Section to determine whether a penalty provided for in the penalty schedule is appropriate and applicable to a particular violation and, if the issuance of a civil penalty is warranted, may impose the applicable appropriate penalty.
(2) Any hearing officer of the board shall review the penalty schedule provided for in Subsection A of this Section to determine whether a penalty provided for in the penalty schedule and issued by the board or division, as may be applicable, is appropriate and applicable to a particular violation.

C. A civil penalty shall not exceed fifty thousand dollars for each violation of any provision of this Chapter or rule of the board.

D.(1) For the purposes of this Chapter violations shall be determined as follows:

(a) An operator shall be provided notice of the charged violation and may admit the violation and accept the penalty or may deny the violation and demand a hearing be held, pursuant to R.S. 27:25, to make a determination regarding the charge.

(b) For the purposes of determining whether a second or subsequent violation has occurred, each violation of the same rule or statutory provision shall have occurred on a separate occasion, by the same operator, and only violations that have occurred within a one-year period, regardless of when they were charged, admitted, or found to have occurred, shall be considered.

(2) For operators having more than one license issued pursuant to the provisions of this Chapter, civil penalties as provided in this Subsection shall apply only to the license incurring the violation.

E.(1) Payment of the civil penalty shall be a requirement for the retention of any permit or license held by the entity which violated any such provisions.

(2)(a) Failure to remit civil penalties shall result in the shutdown of the platform of the operator who refused to remit the civil penalty. The provisions of this Subparagraph shall apply only in those instances where no administrative hearing has been timely requested.

(b) Upon payment of the penalty, the platform may be reactivated.

F. If the operator contests the imposition of the civil penalty, the penalty shall be imposed only after an adjudicatory hearing is conducted pursuant to R.S. 27:25 and a basis for imposition of the penalty is determined to exist.
§313. Revocation or suspension of a license; civil penalty

A. The board or division, as may be applicable, shall initiate an administrative action and may revoke or suspend the license or permit of any person or the approval of any device issued pursuant to the provisions of this Chapter for any of the following:

(1) The failure to meet the requirements of suitability as defined in this Chapter or in any rules adopted by the board.

(2) The failure to meet the requirements for the issuance of a license as provided for in this Chapter or in any rules adopted by the board.

(3) Repeated violations of any of the provisions of this Chapter or any rule of the board governing this Chapter. "Repeated violations" shall mean three violations of the same rule or statutory provision which have occurred on separate occasions by the same operator within a one-year period. The date of a violation shall be considered to be the date the citation for that violation is issued.

B. For all other violations not listed in Subsection A of this Section, the board or division, as may be applicable, may issue a civil penalty pursuant to the provisions of this Section.

C. In addition to or in lieu of the revocation or suspension of a license issued pursuant to the provisions of this Chapter, the board or division, as may be applicable, may impose a civil penalty not to exceed fifty thousand dollars for each violation of any provision of this Chapter or any rule of the board governing this Chapter.

D. In lieu of revocation or suspension of a license, the licensee may enter into a consent agreement or settlement to pay a penalty not to exceed fifty thousand dollars. No consent agreement or settlement shall exceed fifty thousand dollars.

E. No suspension imposed pursuant to the provisions of this Chapter shall exceed a period of thirty days.

§314. Investigations and violations

A. The division shall conduct such investigations, hearings, and inquiries as it deems necessary to fulfill its responsibilities under the provisions of this Chapter.
A. A license may be suspended prior to a hearing upon a written finding of danger to public health and welfare.

B. As a condition of receiving a license under the provisions of this Chapter, each operator agrees that the division and its agents and employees shall have unrestricted access and the right to inspect any premises under the control of the operator in which any activity relating to the provisions of this Chapter is conducted.

§315. Limitation on active accounts; obligations to participants

An operator shall:

(1) Limit each authorized player to one active and continuously used account.

(2) Publish and facilitate parental control procedures to allow parents or guardians to exclude minors from access to any contest or platform. The procedures shall include a toll-free number to call for help in establishing such parental controls.

(3) Make clear conspicuous statements that are not inaccurate or misleading concerning the chances of winning and the number of winners when referencing the chances or likelihood of winning.

(4) Permit any authorized player to permanently close an account registered to the player, on any and all platforms supported by the operator or registrant, at any time and for any reason.

(5) Identify all highly experienced players in any contest by a symbol attached to the players’ username, or by other visible means, on all platforms supported by the operator or registrant.

(6) Disclose the number of entries a single authorized player may submit to each contest.

(7) Disclose the maximum number of total entries allowed for each contest.

(8) Implement measures to protect the privacy and online security of authorized players, their account, and their personal financial information.

§316. Charging for inactive accounts

A. An operator shall not charge players for inactive accounts.
B. An operator shall charge players only for entry fees placed or contests entered. No player shall be charged for failure to enter on a fantasy sports contest or for failure to deposit certain amounts of cash or cash equivalent into any account.

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