

Louisiana Legislature Passes Bill Establishing Framework for Retail and Online Sports Betting

By: Jake Etienne and Zachery B. Roth

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On June 10, 2021, the Louisiana State Legislature approved legislation establishing a licensing framework for retail and online sports betting in the 55 Louisiana parishes that voted to authorize sports betting in the November 2020 election. The legislation is one of two bills passed to facilitate retail and online sports betting in Louisiana. The other bill, which imposes a 10% tax on proceeds from in-person sports betting and a 15% tax on net proceeds from online sports betting, was signed into law by Governor John Bel Edwards on June 4. Governor Edwards is expected to sign the licensing bill in the coming days.

LICENSING FRAMEWORK

Pursuant to the legislation, sports betting will be governed by the Louisiana Gaming Control Board (the Board). The Board will be authorized to issue up to 20 sportsbook operator licenses, which will allow licensees to offer retail and online sports wagering. The Board will initially make operator licenses available to (i) Harrah's New Orleans, the state's sole land-based casino; (ii) the state's fifteen licensed riverboat casinos; and (iii) the state's four racinos (provided they first obtain approval from the Louisiana State Racing Commission). If one or more of these organizations decide not to pursue a license or fail to apply before the Board-imposed deadline, the Board will open up the application process to the state's licensed video poker establishments and fantasy sports contest operators.

If the number of "second round" applicants exceeds the number of remaining licenses, the Board will initiate a concealed bidding process, ranking applicants based on their potential to generate the greatest amount of revenue for the state. Factors the Board will consider include, among other things, (i) adequacy of applicant's capitalization; (ii) applicant's financial history; (iii) applicant's history of compliance or non-compliance with licensing or regulatory obligations in Louisiana or any other state; and (iv) the nature of any litigation pending against the applicant.

The Board will also issue a separate sportsbook license to the Louisiana Lottery Corporation, which will allow the Lottery to offer mobile betting through electronic kiosks placed in bars, restaurants, supermarkets, etc.

Sportsbook operator licensees may conduct their own retail and online sports betting operations, or may contract with sports wagering platform providers to conduct sports betting operations on their behalf, as long as said providers have obtained a permit from the Board. The bill provides that each licensed sportsbook operator may contract with up to two platform providers for online betting operations, each of which can offer one individually branded sports betting website and corresponding mobile platform.

The legislation also imposes a number of operating requirements upon operator licensees. Most notably, all computer servers responsible for processing wagers must be physically located in Louisiana. Additionally, operators are required to submit for Board approval their internal control policies and procedures for all aspects of electronic wagering, including for system integrity, system security, operations, accounting and reporting of problem gamblers.

Finally, the legislation imposes a permit requirement upon certain entities that provide goods and services to sports wagering operators. At this juncture, it is unclear which service providers will be required to obtain such permits. The legislation tasks the Board with promulgating rules and regulations that will establish clearly defined permitting criteria for service providers.



TIMELINE FOR SPORTS BETTING LAUNCH

Before retail and online sports betting can go “live” in Louisiana, the Board must promulgate sports betting regulations, a process that could take several months. That said, officials have expressed optimism that sports betting operations could launch in time for the 2021-2022 NFL season.

If you have questions or would like more information, please contact Jake Etienne (etiennej@whiteandwilliams.com; 215.864.7133) or Zachery B. Roth (rothz@whiteandwilliams.com; 215.864.6274).

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