

By the Committee on Regulated Services and Representatives
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 Heyman, Garcia, Barreiro, Prieguez, Fasano, Ogles, Villalobos,
 Levine, Spratt, Sobel, Greenstein, A. Greene, Jacobs, Arnall,
 Jones, Valdes, Gay, Ritchie, Eggelletion and Kelly

1 A bill to be entitled
 2 An act relating to video lotteries; amending s.
 3 24.101, F.S.; redesignating chapter 24 of the
 4 Florida Statutes as the "Florida Public
 5 Education Lottery Chapter"; amending ss.
 6 24.102, 24.108, 24.111, 24.118, and 24.120,
 7 F.S., to conform; making technical corrections
 8 within the chapter; amending s. 24.103, F.S.,
 9 relating to definitions; defining the terms
 10 "video lottery game," "video lottery terminal
 11 vendor," "net terminal income," and "video
 12 lottery retailer"; amending s. 24.105, F.S.;
 13 providing duties of the Department of the
 14 Lottery relating to establishment and operation
 15 of video lottery games; providing specific
 16 rulemaking authority; amending s. 24.1055,
 17 F.S.; correcting a reference; prohibiting
 18 participation of minors in video lottery games;
 19 requiring warning signs; providing criminal
 20 penalties; creating s. 24.1121, F.S.; providing
 21 requirements for video lottery games and
 22 retailers; providing suspension powers to the
 23 Department of the Lottery; providing for fines;
 24 providing for enforcement of suspension orders
 25 or fines in circuit court; providing for
 26 allocation of net terminal income; providing
 27 for distribution of proceeds; providing funds
 28 to the Department of Children and Family
 29 Services for a program on compulsive gambling;
 30 providing for use of certain funds for purses,
 31 awards, and benefits; requiring certain written

1 agreements; providing for transfer of funds
2 into the Public Education Capital Outlay and
3 Debt Service Trust Fund and into the Department
4 of Elderly Affairs' Grants and Donations Trust
5 Fund; prohibiting manipulation or attempted
6 manipulation of lottery games or terminals;
7 providing criminal penalties; providing for
8 payment of prizes; prohibiting isolation of
9 video lottery terminals in pari-mutuel
10 facilities; creating s. 24.1122, F.S.;
11 providing for licensure of video lottery
12 terminal vendors; creating s. 24.1123, F.S.;
13 prohibiting certain zoning changes by local
14 governments; creating s. 24.1124, F.S.,
15 relating to video lottery terminals; requiring
16 that such terminals be approved by the
17 department; providing technical specifications;
18 creating s. 24.1125, F.S.; providing for
19 training and certification of video lottery
20 terminal service employees; providing
21 rulemaking authority; amending s. 24.117, F.S.;
22 prohibiting knowingly permitting use of video
23 lottery terminals by minors; providing criminal
24 penalties; amending s. 24.122, F.S.;
25 prohibiting state and local taxation of the
26 installation, rental, or use of video lottery
27 terminals; amending s. 212.02, F.S.; clarifying
28 that video lottery terminals are not
29 coin-operated amusement machines for the
30 purpose of taxation; creating s. 550.26315,
31 F.S., relating to the administration of the

1 Video Lottery Purse Trust Fund; providing for
2 distribution of proceeds; requiring certain
3 proceeds to be used as additional purses,
4 awards, or compensation; providing for transfer
5 of certain proceeds to the Video Lottery
6 Thoroughbred Trust Fund; providing rulemaking
7 authority; creating s. 550.26325, F.S.,
8 relating to the distribution of funds from the
9 Video Lottery Thoroughbred Trust Fund;
10 requiring certain uses of distributed funds;
11 amending s. 550.2625, F.S.; requiring that the
12 Division of Pari-Mutuel Wagering of the
13 Department of Business and Professional
14 Regulation adopt rules regarding the
15 distribution of certain awards and funds,
16 including video lottery proceeds, received for
17 distribution to thoroughbred owners and
18 breeders by pari-mutuel permitholders or by
19 horsemen's or breeders' associations; providing
20 an exemption; providing administrative fines
21 for underpaying purses or awards; requiring
22 periodic audited accountings by permitholders
23 and by horsemen's and breeders' associations;
24 permitting agreement to increase the cap on
25 horseracing purses; creating s. 550.401, F.S.;
26 prohibiting the cancellation of certain
27 contracts by greyhound racing tracks; amending
28 s. 550.615, F.S.; providing that pari-mutuel
29 facilities are not required to broadcast their
30 intertrack signals to other facilities located
31 within 25 miles; requiring approval of certain

1 intertrack contracts; requiring written consent
2 of certain permitholders relating to intertrack
3 wagering; amending s. 550.6305, F.S.; providing
4 that pari-mutuel facilities are not required to
5 broadcast their intertrack signals to other
6 facilities located within 25 miles; repealing
7 additional requirements and authority provided
8 in relation to intertrack wagering on nighttime
9 thoroughbred races; amending s. 550.6308, F.S.;
10 authorizing an intertrack wagering licensee to
11 conduct intertrack wagering on additional types
12 of races and on additional days if operating as
13 a video lottery retailer; amending s. 565.02,
14 F.S.; providing that pari-mutuel facilities may
15 be licensed to sell alcoholic beverages when
16 conducting video lottery games; directing the
17 Alcohol, Drug Abuse, and Mental Health Program
18 Office within the Department of Children and
19 Family Services to establish a program relating
20 to compulsive gambling, which includes public
21 education, training, prevention, and treatment;
22 creating s. 24.1126, F.S.; requiring video
23 lottery retailers to provide notice of a
24 toll-free problem gambling hotline; providing a
25 contingent effective date.

26
27 WHEREAS, the need for additional classroom construction
28 both now and in the future will require an additional source
29 of revenue to meet that need, and

30 WHEREAS, the Florida Lottery was authorized by the
31 citizens of the State of Florida in the Florida Constitution

1 and was enacted by the Legislature of the State of Florida, in
2 part, to provide for the enhancement of educational
3 opportunities in this state, and

4 WHEREAS, the authorization of video lottery games as an
5 expansion of the state lottery would provide additional
6 funding which could, and should, help to address the unmet
7 need for construction, renovation, and maintenance of
8 educational facilities in this state, and

9 WHEREAS, the citizens of this state have overwhelmingly
10 rejected the establishment of casinos in this state, and

11 WHEREAS, the pari-mutuel industry of Florida has
12 provided employment, entertainment, and financial resources to
13 the State of Florida for over 75 years, and has been a vital
14 part of Florida's tourism industry, and

15 WHEREAS, the pari-mutuel industry permit holders are
16 strictly licensed and regulated by the State of Florida, and
17 have established a lengthy record of complying with the laws
18 of this state, and

19 WHEREAS, the amount which may be wagered at a licensed
20 facility has been unlimited, and

21 WHEREAS, there are a limited number of pari-mutuel
22 permits in Florida, and

23 WHEREAS, the Legislature has determined that permitting
24 video lottery terminals in licensed pari-mutuel facilities
25 will provide needed revenue for the construction of
26 educational facilities, enhance the economic vitality of the
27 pari-mutuel industry and the economic vitality of the state as
28 a whole, and ensure the protection of the public interests,
29 NOW, THEREFORE,

30

31 Be It Enacted by the Legislature of the State of Florida:

1 Section 1. Section 24.101, Florida Statutes, is
2 amended to read:

3 24.101 Short title.--This chapter ~~act~~ may be cited as
4 the "Florida Public Education Lottery Chapter Act."

5 Section 2. Section 24.102, Florida Statutes, is
6 amended to read:

7 24.102 Purpose and intent.--

8 (1) The purpose of this chapter ~~act~~ is to implement s.
9 15, Art. X of the State Constitution in a manner that enables
10 the people of the state to benefit from significant additional
11 moneys for education and also enables the people of the state
12 to play the best lottery games available.

13 (2) The intent of the Legislature is:

14 (a) That the net proceeds of lottery games conducted
15 pursuant to this chapter ~~act~~ be used to support improvements
16 in public education and that such proceeds not be used as a
17 substitute for existing resources for public education.

18 (b) That the lottery games be operated by a department
19 of state government that functions as much as possible in the
20 manner of an entrepreneurial business enterprise. The
21 Legislature recognizes that the operation of a lottery is a
22 unique activity for state government and that structures and
23 procedures appropriate to the performance of other
24 governmental functions are not necessarily appropriate to the
25 operation of a state lottery.

26 (c) That the lottery games be operated by a
27 self-supporting, revenue-producing department.

28 (d) That the department be accountable to the
29 Legislature and the people of the state through a system of
30 audits and reports and through compliance with financial
31 disclosure, open meetings, and public records laws.

1 Section 3. Section 24.103, Florida Statutes, is
2 amended to read:

3 24.103 Definitions.--As used in this chapter act:

4 (1) "Department" means the Department of the Lottery.

5 (2) "Secretary" means the secretary of the department.

6 (3) "Commission" means the State Lottery Commission.

7 (4) "Person" means any individual, firm, association,
8 joint adventure, partnership, estate, trust, syndicate,
9 fiduciary, corporation, or other group or combination and
10 shall include any agency or political subdivision of the
11 state.

12 (5) "Major procurement" means a procurement for a
13 contract for the printing of tickets for use in any lottery
14 game, consultation services for the startup of the lottery,
15 any goods or services involving the official recording for
16 lottery game play purposes of a player's selections in any
17 lottery game involving player selections, any goods or
18 services involving the receiving of a player's selection
19 directly from a player in any lottery game involving player
20 selections, any goods or services involving the drawing,
21 determination, or generation of winners in any lottery game,
22 the security report services provided for in this chapter act,
23 or any goods and services relating to marketing and promotion
24 which exceed a value of \$25,000.

25 (6) "Retailer" means a person who sells lottery
26 tickets on behalf of the department pursuant to a contract.

27 (7) "Vendor" means a person who provides or proposes
28 to provide goods or services to the department, but does not
29 include an employee of the department, a retailer, or a state
30 agency.

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1 (8) "Video lottery game" means an electronically
2 simulated game involving any element of chance that is played
3 on a video lottery terminal that, upon insertion of cash,
4 tokens, credits, or voucher, is available to play or simulate
5 a lottery-type game, including, but not limited to, line-up
6 games utilizing a video display and microprocessors, and in
7 which, by means of an element of chance, the player may
8 receive credits that can be redeemed for cash. "Video lottery
9 game" also means an electronically simulated game involving
10 elements of chance and skill that is played on a video lottery
11 terminal that, upon insertion of cash, tokens, credits, or
12 voucher, is available to play or simulate the play of
13 traditional card games including, but not limited to, video
14 poker, utilizing a cathode ray tube or video display screen
15 and microprocessors, and in which the player may win credits
16 that can be redeemed for cash. "Video lottery game" also
17 includes a progressive game, which is any game in which a
18 jackpot grows and accumulates as it is being played on a video
19 lottery terminal, or on a network of video lottery terminals,
20 and in which the outcome is randomly determined by the play of
21 video lottery terminals linked by a central network. A video
22 lottery terminal may use spinning reels or video displays, or
23 both. No video lottery terminal shall directly dispense coins,
24 cash, or tokens.

25 (9) "Video lottery terminal vendor" means any person
26 or entity approved by the department which provides the video
27 lottery terminals to a video lottery retailer or computer
28 functions related to video lottery terminals to the
29 department.

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1 (10) "Net terminal income" means currency and other
2 consideration placed into a video lottery terminal minus
3 credits redeemed by players.

4 (11) "Video lottery retailer" means any person who
5 possesses a pari-mutuel permit on July 1, 1998, issued
6 pursuant to chapter 550, who either has conducted a full
7 schedule of live greyhound, horse, or harness racing between
8 July 1, 1997, and June 30, 1998, as defined by s. 550.002(11),
9 or has conducted at least one full schedule of live jai alai
10 games between January 1, 1990, and June 30, 1998, as defined
11 by s. 550.002(11), or is authorized to receive broadcasts of
12 horseraces pursuant to s. 550.615.

13 Section 4. Section 24.105, Florida Statutes, 1998
14 Supplement, is amended to read:

15 24.105 Powers and duties of department.--The
16 department shall:

17 (1) Have the authority to sue or be sued in the
18 corporate name of the department and to adopt a corporate seal
19 and symbol.

20 (2)(a) Supervise and administer the operation of the
21 lottery in accordance with the provisions of this chapter act
22 and rules adopted pursuant thereto.

23 (b)1. Initiate the public sale of lottery tickets with
24 an instant game starting no later than January 15, 1988. If
25 the secretary finds that a state of emergency exists that
26 would prohibit the department from initiating such sale on or
27 before such date or that would cause the initiation of such
28 sale on or before such date to be clearly contrary to the
29 integrity of the state, the secretary shall certify such
30 finding to the Governor. If the Governor verifies such
31 finding, the department shall initiate the sale of lottery

1 tickets on the earliest feasible date after the abatement of
2 such state of emergency.

3 2. Also begin to operate on-line games no later than
4 May 1, 1988. If the secretary finds that a state of emergency
5 exists that would prohibit the department from initiating such
6 on-line games on or before such date or that would cause the
7 initiation of on-line games on or before such date to be
8 clearly contrary to the integrity of the state, the secretary
9 shall certify such finding to the Governor. If the Governor
10 verifies such finding, the department shall initiate the sale
11 of lottery tickets on the earliest feasible date after the
12 abatement of such state of emergency.

13 (3) For purposes of any investigation or proceeding
14 conducted by the department, have the power to administer
15 oaths, require affidavits, take depositions, issue subpoenas,
16 and compel the attendance of witnesses and the production of
17 books, papers, documents, and other evidence.

18 (4) Make available to the commission any record or
19 other information relating to the lottery that the commission
20 requests.

21 (5) Submit monthly and annual reports to the
22 commission, the Governor, the Treasurer, the President of the
23 Senate, and the Speaker of the House of Representatives
24 disclosing the total lottery revenues, prize disbursements,
25 and other expenses of the department during the preceding
26 month. The annual report shall additionally describe the
27 organizational structure of the department, including its
28 hierarchical structure, and shall identify the divisions and
29 bureaus created by the secretary and summarize the
30 departmental functions performed by each.

31 (6) Adopt by rule a system of internal audits.

1 (7) Maintain weekly or more frequent records of
2 lottery transactions, including the distribution of tickets to
3 retailers, revenues received, claims for prizes, prizes paid,
4 and other financial transactions of the department.

5 (8) Make a continuing study of the lottery to
6 ascertain any defects of the laws governing the lottery ~~this~~
7 ~~act~~ or rules adopted thereunder which could result in abuses
8 in the administration of the lottery; make a continuing study
9 of the operation and the administration of similar laws in
10 other states and of federal laws which may affect the lottery;
11 and make a continuing study of the reaction of the public to
12 existing and potential features of the lottery.

13 (9) Conduct such market research as is necessary or
14 appropriate, which may include an analysis of the demographic
15 characteristics of the players of each lottery game and an
16 analysis of advertising, promotion, public relations,
17 incentives, and other aspects of communications.

18 (10) Have in place the capacity to support video
19 lottery games at facilities of video lottery retailers
20 beginning no later than October 1, 1999.

21 (11) Hear and decide promptly and in reasonable order
22 all license applications or proceedings for suspension or
23 revocation of licenses.

24 (12) Collect and disperse such revenue due the
25 department as described in this chapter.

26 (13) Certify net terminal income by inspecting
27 records, conducting audits, or any other reasonable means.

28 (14) Provide a list of approved vendors and maintain a
29 current list of all contracts between video lottery terminal
30 vendors and video lottery retailers.

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1 (15) Approve an application as a video lottery
2 retailer, pursuant to s. 24.103(11) within 30 days of the
3 receipt of the application.

4 ~~(16)(10)~~ Adopt rules governing the establishment and
5 operation of the state lottery, including:

6 (a) The type of lottery games to be conducted, except
7 that:

8 1. No name of an elected official shall appear on the
9 ticket or play slip of any lottery game or on any prize or on
10 any instrument used for the payment of prizes, unless such
11 prize is in the form of a state warrant.

12 2. No coins or currency shall be dispensed from any
13 electronic computer terminal or device used in any lottery
14 game.

15 3. Other than as provided in subparagraph 4., no
16 terminal or device may be used for any lottery game which may
17 be operated solely by the player without the assistance of the
18 retailer, except authorized video lottery terminals operated
19 pursuant to this chapter.

20 4. The only player-activated machine which may be
21 utilized is a machine which dispenses instant lottery game
22 tickets following the insertion of a coin or currency by a
23 ticket purchaser. To be authorized a machine must: be under
24 the supervision and within the direct line of sight of the
25 lottery retailer to ensure that the machine is monitored and
26 only operated by persons at least 18 years of age; be capable
27 of being electronically deactivated by the retailer to
28 prohibit use by persons less than 18 years of age through the
29 use of a lockout device that maintains the machine's
30 deactivation for a period of no less than 5 minutes; and be
31 designed to prevent its use or conversion for use in any

1 manner other than the dispensing of instant lottery tickets.
2 Authorized machines may dispense change to players purchasing
3 tickets but may not be utilized for paying the holders of
4 winning tickets of any kind. At least one clerk must be on
5 duty at the lottery retailer while the machine is in
6 operation. However, at least two clerks must be on duty at any
7 lottery location which has violated s. 24.1055.

8 (b) The sales price of tickets.
9 (c) The number and sizes of prizes.
10 (d) The method of selecting winning tickets. However,
11 if a lottery game involves a drawing, the drawing shall be
12 public and witnessed by an accountant employed by an
13 independent certified public accounting firm. The equipment
14 used in the drawing shall be inspected before and after the
15 drawing.

16 (e) The manner of payment of prizes to holders of
17 winning tickets.
18 (f) The frequency of drawings or selections of winning
19 tickets.
20 (g) The number and type of locations at which tickets
21 may be purchased.
22 (h) The method to be used in selling tickets.
23 (i) The manner and amount of compensation of
24 retailers.
25 (j) Such other matters necessary or desirable for the
26 efficient or economical operation of the lottery or for the
27 convenience of the public.

28 (k) The regulation of video lottery retailers as
29 pertains to video lottery products.
30 (l) Specifications for video lottery terminals to be
31 approved and authorized as the department deems necessary to

1 maintain the integrity of video lottery games and terminals.
2 Initial rules sufficient to permit the operation of video
3 lotteries and the licensing of video lottery retailers shall
4 be adopted no later than August 1, 1999. The department shall
5 not provide for specifications which would have the result of
6 reducing to fewer than four the number of video lottery
7 terminal vendors who supply terminals which meet the
8 specifications.

9 (m) The licensure and regulation of video lottery
10 terminal vendors. The department shall not approve any person
11 as a video lottery terminal vendor if such person has an
12 interest in a video lottery retailer or a business
13 relationship with a video lottery retailer other than as a
14 vendor or lessor of video lottery terminals.

15 (17)(11) Have the authority to hold copyrights,
16 trademarks, and service marks and enforce its rights with
17 respect thereto.

18 (18)(12) In the selection of games and method of
19 selecting winning tickets, be sensitive to the impact of the
20 lottery upon the pari-mutuel industry and, accordingly, the
21 department may use for any game the theme of horseracing,
22 dogracing, or jai alai and may allow a lottery game to be
23 based upon a horserace, dograce, or jai alai activity so long
24 as the outcome of such lottery game is determined entirely by
25 chance.

26 (19)(13)(a) Determine by rule information relating to
27 the operation of the lottery which is confidential and exempt
28 from the provisions of s. 119.07(1) and s. 24(a), Art. I of
29 the State Constitution. Such information includes trade
30 secrets; security measures, systems, or procedures; security
31 reports; information concerning bids or other contractual

1 data, the disclosure of which would impair the efforts of the
2 department to contract for goods or services on favorable
3 terms; employee personnel information unrelated to
4 compensation, duties, qualifications, or responsibilities; and
5 information obtained by the Division of Security pursuant to
6 its investigations which is otherwise confidential. To be
7 deemed confidential, the information must be necessary to the
8 security and integrity of the lottery. Confidential
9 information may be released to other governmental entities as
10 needed in connection with the performance of their duties.
11 The receiving governmental entity shall retain the
12 confidentiality of such information as provided for in this
13 subsection.

14 (b) Maintain the confidentiality of the street address
15 and the telephone number of a winner, in that such information
16 is confidential and exempt from the provisions of s. 119.07(1)
17 and s. 24(a), Art. I of the State Constitution, unless the
18 winner consents to the release of such information or as
19 provided for in s. 24.115(4) or s. 409.2577.

20 (c) Any information made confidential and exempt from
21 the provisions of s. 119.07(1) under this subsection shall be
22 disclosed to a member of the commission, to the Auditor
23 General, or to the independent auditor selected under s.
24 24.123 upon such person's request therefor. If the President
25 of the Senate or the Speaker of the House of Representatives
26 certifies that information made confidential under this
27 subsection is necessary for effecting legislative changes, the
28 requested information shall be disclosed to him or her, and he
29 or she may disclose such information to members of the
30 Legislature and legislative staff as necessary to effect such
31 purpose.

1 (20)~~(14)~~ Have the authority to perform any of the
2 functions of the Department of Management Services under
3 chapter 255, chapter 273, chapter 281, chapter 283, or chapter
4 287, or any rules adopted under any such chapter, and may
5 grant approvals provided for under any such chapter or rules.
6 If the department finds, by rule, that compliance with any
7 such chapter would impair or impede the effective or efficient
8 operation of the lottery, the department may adopt rules
9 providing alternative procurement procedures. Such
10 alternative procedures shall be designed to allow the
11 department to evaluate competing proposals and select the
12 proposal that provides the greatest long-term benefit to the
13 state with respect to the quality of the products or services,
14 dependability and integrity of the vendor, dependability of
15 the vendor's products or services, security, competence,
16 timeliness, and maximization of gross revenues and net
17 proceeds over the life of the contract.

18 (21)~~(15)~~ Have the authority to acquire real property
19 and make improvements thereon. The title to such property
20 shall be vested in the Board of Trustees of the Internal
21 Improvement Trust Fund. The board shall give the department
22 preference in leasing state-owned lands under the board's
23 control and may not exercise any jurisdiction over lands
24 purchased or leased by the department while such lands are
25 actively used by the department. Actions of the department
26 under this subsection are exempt from the time limitations and
27 deadlines of chapter 253.

28 (22)~~(16)~~ Have the authority to charge fees to persons
29 applying for contracts as vendors or retailers, which fees are
30 reasonably calculated to cover the costs of investigations and
31 other activities related to the processing of the application.

1 (23)~~(17)~~ Enter into contracts for the purchase, lease,
2 or lease-purchase of such goods and services as are necessary
3 for the operation and promotion of the state lottery,
4 including assistance provided by any governmental agency.

5 (24)~~(18)~~ In accordance with the provisions of this
6 chapter act, enter into contracts with retailers so as to
7 provide adequate and convenient availability of tickets to the
8 public for each game.

9 (25)~~(19)~~ Have the authority to enter into agreements
10 with other states for the operation and promotion of a
11 multistate lottery if such agreements are in the best interest
12 of the state lottery. The authority conferred by this
13 subsection is not effective until 1 year after the first day
14 of lottery ticket sales.

15 (26)~~(20)~~ Employ division directors and other staff as
16 may be necessary to carry out the provisions of this chapter
17 act; however:

18 (a) No person shall be employed by the department who
19 has been convicted of, or entered a plea of guilty or nolo
20 contendere to, a felony committed in the preceding 10 years,
21 regardless of adjudication, unless the department determines
22 that:

23 1. The person has been pardoned or his or her civil
24 rights have been restored; or

25 2. Subsequent to such conviction or entry of plea the
26 person has engaged in the kind of law-abiding commerce and
27 good citizenship that would reflect well upon the integrity of
28 the lottery.

29 (b) No officer or employee of the department having
30 decisionmaking authority shall participate in any decision
31 involving any vendor or retailer with whom the officer or

1 employee has a financial interest. No such officer or
2 employee may participate in any decision involving any vendor
3 or retailer with whom the officer or employee has discussed
4 employment opportunities without the approval of the secretary
5 or, if such officer is the secretary or any member of the
6 commission, without the approval of the Governor. Any officer
7 or employee of the department shall notify the secretary of
8 any such discussion or, if such officer is the secretary or a
9 member of the commission, he or she shall notify the Governor.
10 A violation of this paragraph is punishable in accordance with
11 s. 112.317.

12 (c) No officer or employee of the department who
13 leaves the employ of the department shall represent any vendor
14 or retailer before the department regarding any specific
15 matter in which the officer or employee was involved while
16 employed by the department, for a period of 1 year following
17 cessation of employment with the department. A violation of
18 this paragraph is punishable in accordance with s. 112.317.

19 (d) The department shall establish and maintain a
20 personnel program for its employees, including a personnel
21 classification and pay plan which may provide any or all of
22 the benefits provided in the Senior Management Service or
23 Selected Exempt Service. Each officer or employee of the
24 department shall be a member of the Florida Retirement System.
25 The retirement class of each officer or employee shall be the
26 same as other persons performing comparable functions for
27 other agencies. Employees of the department shall serve at
28 the pleasure of the secretary and shall be subject to
29 suspension, dismissal, reduction in pay, demotion, transfer,
30 or other personnel action at the discretion of the secretary.
31 Such personnel actions are exempt from the provisions of

1 chapter 120. All employees of the department are exempt from
2 the Career Service System provided in chapter 110 and,
3 notwithstanding the provisions of s. 110.205(5), are not
4 included in either the Senior Management Service or the
5 Selected Exempt Service. However, all employees of the
6 department are subject to all standards of conduct adopted by
7 rule for career service and senior management employees
8 pursuant to chapter 110. In the event of a conflict between
9 standards of conduct applicable to employees of the Department
10 of the Lottery the more restrictive standard shall apply.
11 Interpretations as to the more restrictive standard may be
12 provided by the Commission on Ethics upon request of an
13 advisory opinion pursuant to s. 112.322(3)(a), for purposes of
14 this subsection the opinion shall be considered final action.

15 (27)~~(21)~~ Adopt by rule a code of ethics for officers
16 and employees of the department which supplements the
17 standards of conduct for public officers and employees imposed
18 by law.

19 Section 5. Section 24.1055, Florida Statutes, is
20 amended to read:

21 24.1055 Prohibition against sale of lottery tickets to
22 minors; posting of signs; penalties.--

23 (1) No person who is less than 18 years of age may
24 purchase a lottery ticket by means of a machine or otherwise.

25 (2) Any retailer that sells lottery tickets by means
26 of a player activated machine shall post a clear and
27 conspicuous sign on such machine, which states the following:

28 THE SALE OF LOTTERY TICKETS TO PERSONS UNDER
29 THE AGE OF 18 IS AGAINST FLORIDA LAW (SECTION
30 24.1055 ~~24.105~~, FLORIDA STATUTES). PROOF OF
31 AGE IS REQUIRED FOR PURCHASE.

1 (3) No person who is less than 18 years of age may
2 play a video lottery game authorized by this chapter.

3 (4) Any video lottery retailer that has a video
4 lottery terminal at its facility shall post a clear and
5 conspicuous sign on such terminal, which states the following:

6 THE USE OF A VIDEO LOTTERY TERMINAL BY PERSONS
7 UNDER THE AGE OF 18 IS AGAINST FLORIDA LAW
8 (SECTION 24.1055, FLORIDA STATUTES). PROOF OF
9 AGE IS REQUIRED FOR USE.

10 (5)~~(3)~~ Any person, including any vendor or video
11 lottery retailer, who violates this section is guilty of a
12 misdemeanor of the second degree, punishable as provided in s.
13 775.082 or s. 775.083.

14 Section 6. Subsections (5) and (7) of section 24.108,
15 Florida Statutes, are amended to read:

16 24.108 Division of Security; duties; security
17 report.--

18 (5) The Department of Law Enforcement shall provide
19 assistance in obtaining criminal history information relevant
20 to investigations required for honest, secure, and exemplary
21 lottery operations, and such other assistance as may be
22 requested by the secretary and agreed to by the executive
23 director of the Department of Law Enforcement. Any other state
24 agency, including the Department of Business and Professional
25 Regulation and the Department of Revenue, shall, upon request,
26 provide the Department of the Lottery with any information
27 relevant to any investigation conducted pursuant to this
28 chapter act. The Department of the Lottery shall maintain the
29 confidentiality of any confidential information it receives
30 from any other agency. The Department of the Lottery shall
31

1 reimburse any agency for the actual cost of providing any
2 assistance pursuant to this subsection.

3 (7)(a) After the first full year of sales of tickets
4 to the public, or sooner if the secretary deems necessary, the
5 department shall engage an independent firm experienced in
6 security procedures, including, but not limited to, computer
7 security and systems security, to conduct a comprehensive
8 study and evaluation of all aspects of security in the
9 operation of the department.

10 (b) The portion of the security report containing the
11 overall evaluation of the department in terms of each aspect
12 of security shall be presented to the commission, the
13 Governor, the President of the Senate, and the Speaker of the
14 House of Representatives. The portion of the security report
15 containing specific recommendations shall be confidential and
16 shall be presented only to the secretary, the commission, the
17 Governor, and the Auditor General; however, upon certification
18 that such information is necessary for the purpose of
19 effecting legislative changes, such information shall be
20 disclosed to the President of the Senate and the Speaker of
21 the House of Representatives, who may disclose such
22 information to members of the Legislature and legislative
23 staff as necessary to effect such purpose. However, any person
24 who receives a copy of such information or other information
25 which is confidential pursuant to this chapter ~~act~~ or rule of
26 the department shall maintain its confidentiality. The
27 confidential portion of the report is exempt from the
28 provisions of s. 119.07(1) and s. 24(a), Art. I of the State
29 Constitution.

30
31

1 (c) Thereafter, similar studies of security shall be
2 conducted as the department deems appropriate but at least
3 once every 2 years.

4 Section 7. Subsection (1) of section 24.111, Florida
5 Statutes, 1998 Supplement, is amended to read:

6 24.111 Vendors; disclosure and contract
7 requirements.--

8 (1) The department may enter into contracts for the
9 purchase, lease, or lease-purchase of such goods or services
10 as are necessary for effectuating the purposes of this chapter
11 ~~act~~. The department may not contract with any person or
12 entity for the total operation and administration of the state
13 lottery established by this chapter ~~act~~ but may make
14 procurements which integrate functions such as lottery game
15 design, supply of goods and services, and advertising. In all
16 procurement decisions, the department shall take into account
17 the particularly sensitive nature of the state lottery and
18 shall consider the competence, quality of product, experience,
19 and timely performance of the vendors in order to promote and
20 ensure security, honesty, fairness, and integrity in the
21 operation and administration of the lottery and the objective
22 of raising net revenues for the benefit of the public purpose
23 described in this chapter ~~act~~.

24 Section 8. Section 24.1121, Florida Statutes, is
25 created to read:

26 24.1121 Video lottery games.--

27 (1) Video lottery games may only be offered by a video
28 lottery retailer at its pari-mutuel facility. During any
29 calendar year in which a video lottery retailer maintains
30 video lottery terminals within the confines of its pari-mutuel
31 facility, the video lottery retailer must conduct a full

1 schedule of live racing or games as defined in s. 550.002(11)
2 or be authorized to receive broadcasts of horseraces pursuant
3 to s. 550.615. In the case of a person who possesses a
4 greyhound racing permit or a jai alai permit, such person
5 shall be eligible to serve as a video lottery retailer only if
6 that permitholder also conducted, during the prior fiscal
7 year, no fewer than 80 percent of the number of performances
8 and no fewer than 80 percent of the number of live races or
9 games which the same permitholder conducted during the
10 1997-1998 state fiscal year. The department may waive the
11 requirements provided in this subsection relating to the
12 conducting of live races or games upon a showing that the
13 failure to conduct such games resulted from a natural disaster
14 or other acts beyond the control of the permitholder. If the
15 video lottery retailer fails to comply with the requirement to
16 conduct a full schedule of races or games or, if a greyhound
17 racing permitholder or jai alai permitholder, the video
18 lottery retailer failed in the previous fiscal year to conduct
19 the required number of live races or games, within 30 days
20 after written notice from the department, the department shall
21 order the video lottery retailer to suspend its video lottery
22 operation. The department may assess an administrative fine
23 not to exceed \$5,000 per video lottery terminal, per day,
24 against any video lottery retailer who fails to suspend its
25 video lottery operation when ordered to suspend by the
26 department. The department may enforce its order of suspension
27 or any administrative fine assessed in furtherance of such
28 order as provided in s. 120.69. Each video lottery retailer
29 shall post a bond payable to the state in an amount determined
30 by the department that is sufficient to guarantee payment to
31 the state of revenue due in any payment period.

1 (2) Each pari-mutuel permitholder shall notify the
2 department prior to operating video lottery games at the
3 pari-mutuel facility.

4 (3) To facilitate the auditing and security programs
5 critical to the integrity of the video lottery system, the
6 department shall have overall control of the entire system.
7 Each video lottery terminal shall be linked, directly or
8 indirectly, to a computer system under the control of the
9 department.

10 (4) The department shall determine, by rule, the
11 method by which cash receipts will be electronically validated
12 and redeemed.

13 (5) No person under the age of 18 years may play a
14 video lottery game authorized by this chapter.

15 (6) Video lottery games may be played at an authorized
16 video lottery retailer's pari-mutuel facility even if such
17 retailer is not conducting a pari-mutuel event.

18 (7) Video lottery games shall pay out a minimum of 88
19 percent and no more than 94 percent of the amount of cash,
20 tokens, credits, or vouchers put into a video lottery
21 terminal. The department may permit the payment of a lesser
22 percentage if requested by a video lottery retailer and the
23 department determines that the payment of a minimum of 88
24 percent is not financially viable at the video lottery
25 retailer's location and that the total amount of net revenue
26 payable to the Public Education Capital Outlay and Debt
27 Service Trust Fund will not be negatively impacted. Such
28 percentages shall be measured on an annual basis.

29 (8) Income derived from video lottery operations shall
30 not be subject to the provisions of s. 24.121. The allocation
31

1 of net terminal income derived from video lottery games shall
2 be as follows:

3 (a) Twenty-eight and one-half percent to the Video
4 Lottery Administrative Trust Fund of the department for
5 transfer to the Public Education Capital Outlay and Debt
6 Service Trust Fund.

7 (b) Nine and one-half percent to the Video Lottery
8 Administrative Trust Fund for transfer to the Grants and
9 Donations Trust Fund of the Department of Elderly Affairs.

10 (c) Two percent to the Video Lottery Administrative
11 Trust Fund of the department for transfer to the
12 Administrative Trust Fund established pursuant to s. 24.120.

13 (d) Eight percent to the Video Lottery Administrative
14 Trust Fund of the department for transfer to the Video Lottery
15 Purse Trust Fund in the Department of Business and
16 Professional Regulation, to be distributed in accordance with
17 s. 550.26315(1).

18 (e) To the Video Lottery Administrative Trust Fund of
19 the department for transfer to the Department of Children and
20 Family Services, 0.25 percent for the establishment and
21 administration of a treatment program for compulsive gambling.

22 (f) If the video lottery retailer holds a valid
23 harness racing permit under chapter 550, 6 percent of its net
24 terminal income shall be distributed by the video lottery
25 retailer as purses for live performances conducted at the
26 video lottery retailer's pari-mutuel facility in accordance
27 with the provisions of chapter 550.

28 (g) If the video lottery retailer holds a valid jai
29 alai permit under chapter 550, 6 percent of its net terminal
30 income shall be distributed by the video lottery retailer as
31 purses for live performances conducted at the video lottery

1 retailer's pari-mutuel facility in accordance with chapter
2 550.

3 (h) If the video lottery retailer holds a valid
4 greyhound racing permit under chapter 550, 6 percent of its
5 net terminal income shall be distributed by the video lottery
6 retailer as purses for live performances conducted at the
7 video lottery retailer's pari-mutuel facility in accordance
8 with chapter 550.

9 (i) To be retained by the video lottery retailer as
10 compensation:

11 1. If a valid thoroughbred permitholder under chapter
12 550, 51.75 percent to be distributed as provided in paragraph
13 (j).

14 2. If a valid holder of a permit other than a
15 thoroughbred permit, 45.75 percent.

16 3. If the holder of a license issued pursuant to s.
17 550.615(9) or s. 550.6308, 51.75 percent to be distributed as
18 provided in paragraph (k).

19 (j) If the video lottery retailer holds a valid
20 thoroughbred racing permit under chapter 550, the remaining
21 net terminal income generated at its facility:

22 1. 3.3 percent shall be distributed for use as Florida
23 thoroughbred breeders' and stallion awards pursuant to ss.
24 550.26165 and 550.2625.

25 2. 0.25 percent shall be distributed to the Jockeys'
26 Guild Health and Welfare Trust maintained by Jockeys' Guild,
27 Inc., for the purpose of providing health, disability, and
28 retirement benefits to active, disabled, and retired Florida
29 jockeys in accordance with eligibility criteria established by
30 Jockeys' Guild, Inc. Jockeys' Guild, Inc., shall annually
31

1 provide a certified financial statement of the expenditures
2 made for benefits provided under this subparagraph.

3 3. 96.45 percent shall be distributed as provided by
4 written agreement between the video lottery retailer and the
5 Florida Horseman's Benevolent and Protective Association.
6 Such contract shall be filed with the department. No video
7 lottery retailer required to enter into a contract by this
8 subparagraph shall be authorized to conduct video lottery
9 games unless such contract is in effect and is filed with the
10 department.

11 (k) If the video lottery retailer holds a license
12 issued pursuant to s. 550.615(9) or s. 550.6308, the remaining
13 net terminal income generated at its facility:

14 1. 3.3 percent shall be distributed for use as Florida
15 thoroughbred breeders' and stallion awards pursuant to ss.
16 550.26165 and 550.2625.

17 2. 96.7 percent shall be distributed as provided by
18 written agreement between the video lottery retailer and the
19 Florida Thoroughbred Breeders' Association. Such contract
20 shall be filed with the department. No video lottery retailer
21 required to enter into a contract by this subparagraph shall
22 be authorized to conduct video lottery games unless such
23 contract is in effect and is filed with the department.

24 (9) The allocation provided in subsection (8) shall be
25 made weekly. Amounts allocated pursuant to paragraphs
26 (8)(a)-(e) shall be remitted to the department by electronic
27 transfer within 24 hours after the allocation is determined.
28 If live meets were conducted at the pari-mutuel facility of
29 the video lottery retailer during the weekly period for which
30 the allocation is made, the portion of the allocation to be
31 distributed pursuant to paragraphs (8)(f), (g), and (h) shall

1 be paid as purses for those live meets. If no live meets were
2 conducted at the pari-mutuel facility during the weekly period
3 for which the allocation is made, the distribution of purse
4 money shall be made during the next ensuing meet following the
5 weekly period in which the net terminal income is earned. The
6 accumulated amount to be distributed as purses during the next
7 ensuing meet shall be distributed weekly during the
8 permitholder's next race meeting in an amount determined by
9 dividing the amount to be distributed by the number of
10 performances approved for the permitholder pursuant to its
11 annual license and multiplying that amount by the number of
12 performances conducted each week. No less than one-half of the
13 interest income earned on funds required to be distributed
14 under paragraphs (8)(f), (g), and (h) prior to their
15 distribution as purses shall be distributed by the video
16 lottery retailer as purses for live performances conducted at
17 the video lottery retailer's pari-mutuel facility in
18 accordance with chapter 550.

19 (10) Any person who, with intent to manipulate the
20 outcome, payoff, or operation of a video lottery terminal,
21 manipulates or attempts to manipulate the outcome, payoff, or
22 operation of a video lottery terminal by physical or
23 electronic tampering or other means commits a felony of the
24 third degree, punishable as provided in s. 775.082, s.
25 775.083, or s. 775.084.

26 (11) Notwithstanding s. 24.115, each video lottery
27 retailer shall have the responsibility for payment of video
28 lottery prizes.

29 (12) In any area or room in a facility in which a
30 video lottery terminal is placed, the video lottery retailer
31 must also place video monitors displaying the live races or

1 games of that facility, if such are being conducted, or, if no
2 live races or games are being conducted, displaying some or
3 all of the available simulcast races or games, giving
4 preference to performances conducted by Florida pari-mutuel
5 permitholders. In each such area or room, the video lottery
6 retailer shall also provide a means by which patrons may wager
7 on pari-mutuel activity.

8 Section 9. Section 24.1122, Florida Statutes, is
9 created to read:

10 24.1122 Licensure of video lottery terminal
11 vendors.--Video lottery terminal vendors shall be licensed by
12 the Department of the Lottery, and, by August 1, 1999, the
13 department shall adopt rules governing such licensure. The
14 department shall not license any person as a video lottery
15 terminal vendor if such person has an interest in a video
16 lottery retailer or a business relationship with a video
17 lottery retailer other than as a vendor or lessor of video
18 lottery terminals.

19 Section 10. Section 24.1123, Florida Statutes, is
20 created to read:

21 24.1123 Local zoning of pari-mutuel facilities.--The
22 installation, operation, or use of a video lottery terminal on
23 any property on which pari-mutuel operations were or would
24 have been lawful under any county or municipal zoning
25 ordinance as of July 1, 1997, shall not be deemed to change
26 the character of the use of such property and shall not be
27 prohibited on such property by any local zoning ordinance or
28 amendments thereto.

29 Section 11. Section 24.1124, Florida Statutes, is
30 created to read:

31 24.1124 Video lottery terminals.--

1 (1) Video lottery terminals shall not be offered for
2 use or play in this state unless approved by the department.

3 (2) Video lottery terminals approved for use in this
4 state shall:

5 (a) Be protected against manipulation to affect the
6 random probabilities of winning plays.

7 (b) Have one or more mechanisms that accept coins,
8 currency, tokens, or vouchers in exchange for game credits.

9 Such mechanisms shall be designed to prevent players from
10 obtaining credits by means of physical tampering.

11 (c) Be capable of suspending play until reset at the
12 direction of the department as a result of physical tampering.

13 (d) Be capable of being linked to the department's
14 central computer communications system for the purpose of
15 auditing the operation, financial data, and program
16 information as required by the department.

17 Section 12. Section 24.1125, Florida Statutes, is
18 created to read:

19 24.1125 Video lottery terminal training program.--

20 (1) Every licensed video lottery terminal vendor shall
21 submit a training program for the service and maintenance of
22 such terminals and equipment for approval by the department.
23 The training program shall include an outline of the training
24 curriculum, a list of instructors and their qualifications, a
25 copy of the instructional materials, and the dates, times, and
26 location of training classes. No service and maintenance
27 program shall be held unless approved by the department.

28 (2) Every video lottery terminal service employee
29 shall complete the requirements of the manufacturer's training
30 program before such employee performs service, maintenance, or
31 repair on video lottery terminals or video lottery terminal

1 associated equipment. Upon the successful completion by a
2 service employee of the training program required by this
3 section, the department shall issue a certificate authorizing
4 such employee to service, maintain, and repair video lottery
5 terminals and video lottery terminal associated equipment. No
6 certificate of completion shall be issued to any video lottery
7 terminal service employee until the department has ascertained
8 that such employee has completed the required training
9 program. Any person certified as a video lottery terminal
10 service employee under this section shall pass a background
11 investigation conducted under the rules of the department. The
12 department may revoke certification upon finding a video
13 lottery terminal service employee in violation of any
14 provision of this chapter or a department rule.

15 (3) The department is authorized to adopt rules
16 regarding the training, qualifications, and certification of
17 video lottery terminal service employees, as provided in this
18 section.

19 Section 13. Section 24.117, Florida Statutes, is
20 amended to read:

21 24.117 Unlawful sale of lottery tickets; penalty.--Any
22 person who knowingly:

23 (1) Sells a state lottery ticket when not authorized
24 by the department or this act to engage in such sale;

25 (2) Sells a state lottery ticket to a minor or permits
26 a minor to use a video lottery terminal; or

27 (3) Sells a state lottery ticket at any price other
28 than that established by the department;

29
30 is guilty of a misdemeanor of the first degree, punishable as
31 provided in s. 775.082 or s. 775.083.

1 Section 14. Subsection (4) of section 24.118, Florida
2 Statutes, is amended to read:

3 24.118 Other prohibited acts; penalties.--

4 (4) BREACH OF CONFIDENTIALITY.--Any person who, with
5 intent to defraud or with intent to provide a financial or
6 other advantage to himself, herself, or another, knowingly and
7 willfully discloses any information relating to the lottery
8 designated as confidential and exempt from the provisions of
9 s. 119.07(1) pursuant to this chapter act is guilty of a
10 felony of the first degree, punishable as provided in s.
11 775.082, s. 775.083, or s. 775.084.

12 Section 15. Subsection (1) of section 24.120, Florida
13 Statutes, is amended to read:

14 24.120 Financial matters; Administrative Trust Fund;
15 interagency cooperation.--

16 (1) There is hereby created in the State Treasury an
17 Administrative Trust Fund to be administered in accordance
18 with chapters 215 and 216 by the department. All money
19 received by the department which remains after payment of
20 prizes and initial compensation paid to retailers shall be
21 deposited into the Administrative Trust Fund. All moneys in
22 the trust fund are appropriated to the department for the
23 purposes specified in this chapter act.

24 Section 16. Section 24.122, Florida Statutes, is
25 amended to read:

26 24.122 Exemption from taxation; state preemption;
27 inapplicability of other laws.--

28 (1) This chapter act shall not be construed to
29 authorize any lottery except the lotteries ~~lottery~~ operated or
30 directed by the department pursuant to this chapter act.

31

1 (2) No state or local tax shall be imposed upon any
2 prize paid or payable under this ~~chapter act~~ or upon the sale
3 of any lottery ticket or the installation, rental, or use of
4 any video lottery terminal pursuant to this ~~chapter act~~.

5 (3) All matters relating to the operation of the state
6 lottery are preempted to the state, and no county,
7 municipality, or other political subdivision of the state
8 shall enact any ordinance relating to the operation of the
9 lottery authorized by this ~~chapter act~~. However, this
10 subsection shall not prohibit a political subdivision of the
11 state from requiring a retailer to obtain an occupational
12 license for any business unrelated to the sale of lottery
13 tickets.

14 (4) Any state or local law providing any penalty,
15 disability, restriction, or prohibition for the possession,
16 manufacture, transportation, distribution, advertising, or
17 sale of any lottery ticket, including chapter 849, shall not
18 apply to the tickets of the state lottery operated pursuant to
19 this ~~chapter act~~; nor shall any such law apply to the
20 possession of a ticket issued by any other government-operated
21 lottery. In addition, activities of the department under this
22 ~~chapter act~~ are exempt from the provisions of:

23 (a) Chapter 616, relating to public fairs and
24 expositions.

25 (b) Chapter 946, relating to correctional work
26 programs.

27 (c) Chapter 282, relating to communications and data
28 processing.

29 (d) Section 110.131, relating to other personal
30 services.

31

1 Section 17. Subsection (24) of section 212.02, Florida
2 Statutes, 1998 Supplement is amended to read:

3 212.02 Definitions.--The following terms and phrases
4 when used in this chapter have the meanings ascribed to them
5 in this section, except where the context clearly indicates a
6 different meaning:

7 (24) "Coin-operated amusement machine" means any
8 machine operated by coin, slug, token, coupon, or similar
9 device for the purposes of entertainment or amusement. The
10 term includes, but is not limited to, coin-operated pinball
11 machines, music machines, juke boxes, mechanical games, video
12 games, arcade games, billiard tables, moving picture viewers,
13 shooting galleries, and all other similar amusement devices.
14 The term does not include a video lottery terminal approved
15 pursuant to chapter 24.

16 Section 18. Section 550.26315, Florida Statutes, is
17 created to read:

18 550.26315 Administration of the Video Lottery Purse
19 Trust Fund.--

20 (1) Fifty-eight percent of the proceeds of the Video
21 Lottery Purse Trust Fund shall be transferred to the Video
22 Lottery Thoroughbred Trust Fund.

23 (2) Forty-two percent of the proceeds of the Video
24 Lottery Purse Trust Fund shall be distributed to pari-mutuel
25 permitholders to be distributed as purses at their respective
26 pari-mutuel facilities as follows:

27 (a) Eight percent shall be distributed to holders of
28 valid harness racing permits.

29 (b) Seven percent shall be distributed to holders of
30 valid jai alai permits.

31

1 (c) Twenty-seven percent shall be distributed to
2 holders of valid greyhound racing permits.

3
4 Each permitholder entitled to receive distributions under a
5 paragraph of this subsection shall receive a percentage of the
6 amount to be distributed under that paragraph which is
7 determined by dividing the amounts paid in purses by such
8 permitholder during the state fiscal year 1997-1998 by the
9 amount of purses paid by all such permitholders statewide
10 during the state fiscal year 1997-1998.

11 (3) All proceeds distributed under this section are in
12 addition to and supplement the other funds set forth in this
13 chapter for use as purses, awards, and, in the case of jai
14 alai, player compensation.

15 (4) Of amounts to be distributed pursuant to this
16 section and s. 24.1121(8)(h) to persons holding valid
17 greyhound racing permits, 10 percent of such sums shall be
18 distributed as additional purses on all live races at each
19 facility to Florida-bred greyhounds in a manner similar to the
20 distribution of regular purses and in accordance with rules
21 adopted by the division.

22 (5) Of amounts to be distributed pursuant to this
23 section and s. 24.1121(8)(f) to persons holding valid harness
24 racing permits, 6.6 percent of such sums shall be distributed
25 for payment of breeders' awards, stallion awards, and stallion
26 stakes, and for additional expenditures pursuant to ss.
27 550.26165 and 550.2625. The Florida Standardbred Breeders and
28 Owners Association may, in accordance with s. 550.2625(4),
29 deduct a fee for administering the payment of awards and for
30 general promotion of the industry.

31

1 (6) The department is authorized to adopt rules to
2 provide for the equitable distribution of funds by
3 permitholders for purses, awards, or jai alai player
4 compensation, in accordance with the provisions of this
5 section.

6 Section 19. Section 550.26325, Florida Statutes, is
7 created to read:

8 550.26325 Distribution of funds from Video Lottery
9 Thoroughbred Trust Fund.--The proceeds of the Video Lottery
10 Thoroughbred Trust Fund shall be distributed as follows:

11 (1) For use as Florida thoroughbred breeders' and
12 stallion awards pursuant to ss. 550.26165 and 550.2625: 6.6
13 percent. The Florida Thoroughbred Breeders' Association may,
14 in accordance with s. 550.2625(3), deduct a fee for
15 administering the payment of awards and for general promotion
16 of the industry.

17 (2) The remainder shall be divided proportionally
18 among the thoroughbred permitholders for use as purses based
19 upon a formula determined by dividing the amounts paid in
20 purses by such thoroughbred permitholder during the 1997-1998
21 state fiscal year by the amount of purses paid by all such
22 thoroughbred permitholders statewide during the 1997-1998
23 state fiscal year.

24 Section 20. Paragraphs (d) and (e) of subsection (2)
25 and paragraph (a) of subsection (6) of section 550.2625,
26 Florida Statutes, 1998 Supplement, are amended, and paragraph
27 (f) is added to subsection (2), to read:

28 550.2625 Horseracing; minimum purse requirement,
29 Florida breeders' and owners' awards.--

30 (2) Each permitholder conducting a horserace meet is
31 required to pay from the takeout withheld on pari-mutuel pools

1 a sum for purses in accordance with the type of race
2 performed.

3 (d) The division shall adopt reasonable rules to
4 ensure the timely and accurate payment of all amounts withheld
5 by horserace permitholders regarding the distribution of
6 purses, Florida breeders' and stallion awards, and Florida
7 owners' awards, and all other amounts received or collected
8 for payment to owners and breeders, including video lottery
9 proceeds. Each permitholder that fails to pay out during its
10 meet all moneys received or collected for payment to owners
11 and breeders during that meet shall, within 30 ~~10~~ days after
12 the end of the meet during which the underpayment occurred
13 ~~permitholder underpaid purses~~, deposit an amount equal to the
14 underpayment into a separate interest-bearing account to be
15 distributed to owners and breeders in accordance with division
16 rules. Any permitholder paying out during its meet less than
17 90 percent of all moneys received or collected for payment to
18 owners and breeders during that meet shall be subject to an
19 administrative fine in an amount equal to double the amount of
20 the underpayment. Within 30 days after the end of its meet,
21 each permitholder shall be required to file with the division
22 an audited accounting reflecting the receipt and payment of
23 all sums dedicated to purses, Florida breeders' and stallion
24 awards, and Florida owners' awards.

25 (e) An amount equal to 8.5 percent of the purse
26 account generated through video lottery proceeds pursuant to
27 s. 550.26325(2), intertrack wagering and interstate
28 simulcasting will be used for Florida Owners' Awards as set
29 forth in subsection (3). This percentage may be changed by
30 written agreement between the Florida Horseman's Benevolent
31 and Protective Association and the Florida Thoroughbred

1 Breeders' Association, filed with the division.Any
2 thoroughbred permitholder ~~with an average blended takeout~~
3 ~~which does not exceed 20 percent and with that had~~ an average
4 daily purse distribution excluding sponsorship, entry fees,
5 and nominations exceeding \$225,000 in 1997-1998 state fiscal
6 year is exempt from the provisions of this paragraph. This
7 exemption shall apply for up to 73 racing days.

8 (f) The division shall adopt reasonable rules to
9 ensure the timely and accurate payment of all amounts received
10 or collected by a horsemen's or breeders' association for
11 payment to owners and breeders, including video lottery
12 proceeds. Each horsemen's or breeders' association that fails
13 to pay out during the calendar year all moneys received or
14 collected for payment to owners and breeders during that year
15 shall, within 30 days after the end of the calendar year
16 during which the underpayment occurred, deposit an amount
17 equal to the underpayment into a separate interest-bearing
18 account to be distributed to owners or breeders in accordance
19 with division rules. Any horsemen's or breeders' association
20 paying out during the calendar year less than 90 percent of
21 all moneys received or collected for payment to owners and
22 breeders during that calendar year shall be subject to an
23 administrative fine in an amount equal to double the amount of
24 the underpayment. Within 60 days after the end of the calendar
25 year, each permitholder shall be required to file with the
26 division an audited accounting reflecting the receipt and
27 payment of all sums received and collected for payment to
28 owners and breeders.

29 (6)(a) The takeout may be used for the payment of
30 awards to owners of registered Florida-bred horses placing
31 first in a claiming race, an allowance race, a maiden special

1 race, or a stakes race in which the announced purse, exclusive
2 of entry and starting fees and added moneys, does not exceed
3 \$40,000 or such higher amount as may be agreed to in writing
4 between the permitholder and the Florida Horseman's Benevolent
5 and Protective Association, which agreement shall be filed
6 with the division.

7 Section 21. Section 550.401, Florida Statutes, is
8 created to read:

9 550.401 Limited prohibition on termination of kennel
10 operators.--A greyhound track may not terminate a kennel
11 operator, other than for breach of contract that remains in
12 breach 15 days following the delivery in writing of notice of
13 such breach to the kennel operator, for 12 months following
14 the first period that purse payments are made pursuant to the
15 provisions of s. 550.26315. Thereafter, only those kennel
16 operators can be terminated without cause if the kennel
17 occupies one of the bottom three positions based on total
18 number of wins for two consecutive racing seasons, which may
19 include the 12-month period following the first period that
20 purse payments are made pursuant to the provisions of s.
21 550.26315.

22 Section 22. Section 550.615, Florida Statutes, 1998
23 Supplement, is amended to read:

24 550.615 Intertrack wagering.--

25 (1) Any horserace permitholder licensed under this
26 chapter which has conducted a full schedule of live racing
27 may, at any time, receive broadcasts of horseraces and accept
28 wagers on horseraces conducted by horserace permitholders
29 licensed under this chapter at its facility.

30 (2) Any track or fronton licensed under this chapter
31 which in the preceding year conducted a full schedule of live

1 racing is qualified to, at any time, receive broadcasts of any
2 class of pari-mutuel race or game and accept wagers on such
3 races or games conducted by any class of permitholders
4 licensed under this chapter.

5 (3)(a) If a permitholder who operates as a video
6 lottery retailer as defined in s. 24.103 elects to broadcast
7 its signal to any permitholder in this state, any
8 permitholder, not located within 25 miles of the host track,
9 that is eligible to conduct intertrack wagering under the
10 provisions of ss. 550.615-550.6345 is entitled to receive the
11 broadcast and conduct intertrack wagering under this section;
12 however, the host track may require a guest track within 25
13 miles of another permitholder to receive in any week at least
14 60 percent of the live races that the host track is making
15 available on the days that the guest track is otherwise
16 operating live races or games. A host track may require a
17 guest track not operating live races or games and within 25
18 miles of another permitholder to accept within any week at
19 least 60 percent of the live races that the host track is
20 making available. A permitholder may, pursuant to a written
21 contract, elect to broadcast its signal to any permitholder in
22 this state located within 25 miles of the host track, provided
23 that where a thoroughbred permitholder is the host track, any
24 such contract must be approved by the Florida Horseman's
25 Benevolent and Protective Association.A person may not
26 restrain or attempt to restrain any permitholder that is
27 otherwise authorized to conduct intertrack wagering from
28 receiving the signal of any other permitholder or sending its
29 signal to any permitholder.

30 (b) If a permitholder who does not operate as a video
31 lottery retailer as defined in s. 24.103 elects to broadcast

1 its signal to any permitholder in this state, any permitholder
2 that is eligible to conduct intertrack wagering under the
3 provisions of ss. 550.615-550.6345 is entitled to receive the
4 broadcast and conduct intertrack wagering under this section;
5 provided, however, that the host track may require a guest
6 track within 25 miles of another permitholder to receive in
7 any week at least 60 percent of the live races that the host
8 track is making available on the days that the guest track is
9 otherwise operating live races or games. A host track may
10 require a guest track not operating live races or games and
11 within 25 miles of another permitholder to accept within any
12 week at least 60 percent of the live races that the host track
13 is making available. A person may not restrain or attempt to
14 restrain any permitholder that is otherwise authorized to
15 conduct intertrack wagering from receiving the signal of any
16 other permitholder or sending its signal to any permitholder.

17 (4) In no event shall any intertrack wager be accepted
18 on the same class of live or simulcast races or games of any
19 permitholder without the written consent of such operating
20 permitholders conducting the same class of live or simulcast
21 races or games if the guest track is within the market area of
22 such operating permitholder.

23 (5) No permitholder within the market area of the host
24 track shall take an intertrack wager on the host track without
25 the consent of the host track.

26 (6) Notwithstanding the provisions of subsection (3),
27 in any area of the state where there are three or more
28 horserace permitholders within 25 miles of each other,
29 intertrack wagering between permitholders in said area of the
30 state shall only be authorized under the following conditions:
31 Any permitholder, other than a thoroughbred permitholder, may

1 accept intertrack wagers on races or games conducted live by a
2 permitholder of the same class or any harness permitholder
3 located within such area and any harness permitholder may
4 accept wagers on games conducted live by any jai alai
5 permitholder located within its market area and from a jai
6 alai permitholder located within the area specified in this
7 subsection when no jai alai permitholder located within its
8 market area is conducting live jai alai performances; any
9 greyhound or jai alai permitholder may receive broadcasts of
10 and accept wagers on any permitholder of the other class
11 provided that a permitholder, other than the host track, of
12 such other class is not operating a contemporaneous live
13 performance within the market area.

14 (7) In any county of the state where there are only
15 two permits, one for dogracing and one for jai alai, no
16 intertrack wager may be taken during the period of time when a
17 permitholder is not licensed to conduct live races or games
18 without the written consent of the other permitholder that is
19 conducting live races or games. However, if neither
20 permitholder is conducting live races or games, either
21 permitholder may accept intertrack wagers on horseraces or on
22 the same class of races or games, or on both horseraces and
23 the same class of races or games as is authorized by its
24 permit.

25 (8) In any two contiguous counties of the state in
26 which there are located only four active permits, one for
27 thoroughbred horse racing, two for greyhound dogracing, and
28 one for jai alai games, no intertrack wager may be accepted on
29 the same class of live races or games of any permitholder
30 without the written consent of such operating permitholders
31 conducting the same class of live races or games if the guest

1 track is within the market area of such operating
2 permitholder.

3 (9)(a) Upon application to the division on or before
4 January 31 of each year, any quarter horse permitholder that
5 has conducted at least 15 days of thoroughbred horse sales at
6 a permanent sales facility for at least 3 consecutive years,
7 and conducted at least one day of nonwagering thoroughbred
8 racing, with a purse structure of at least \$250,000 per year
9 for 2 consecutive years prior to such application, shall be
10 issued a license to conduct intertrack wagering for
11 thoroughbred racing for up to 21 days in connection with
12 thoroughbred sales, to conduct intertrack wagering at such
13 permanent sales facility between November 1 and May 8 of the
14 following year, to conduct intertrack wagering at such
15 permanent sales facility between May 9 and October 31 at such
16 times and on such days as any jai alai permitholder in the
17 same county is not conducting live performances, and to
18 conduct intertrack wagering under the provisions of this
19 subsection during the weekend of the Kentucky Derby, the
20 Preakness, the Belmont, and a Breeders' Cup Meet that is
21 conducted before November 1 and after May 8, subject to
22 conditions set forth in this subsection, provided that no more
23 than one such license may be issued.

24 (b) If more than one permitholder applies, the
25 division shall determine which permitholder shall be granted
26 the license. In making its determination, the division shall
27 consider the length of time the permitholder has been
28 conducting thoroughbred horse sales in this state, the length
29 of time the applicant has had a permanent location in this
30 state, and the volume of sales of thoroughbred horses in this
31

1 state, giving the greater weight to the applicant that meets
2 these criteria.

3 (c) The applicant must comply with the provisions of
4 ss. 550.125 and 550.1815.

5 (d) Intertrack wagering under this subsection may not
6 be conducted within 50 miles of any greyhound racetrack that
7 conducted a full schedule of live racing prior to June 1,
8 1990.

9 (e) For each year such quarter horse permitholder must
10 obtain the license set forth in paragraph (a), any provisions
11 relating to suspension or revocation of a quarter horse permit
12 for failure to conduct live quarter horse racing do not apply.

13 (f) Intertrack wagering under this subsection may only
14 be conducted on thoroughbred horse racing, and intertrack
15 wagering under this subsection may not be conducted on evening
16 performances.

17 (10) All costs of receiving the transmission of the
18 broadcasts shall be borne by the guest track; and all costs of
19 sending the broadcasts shall be borne by the host track.

20 (11) Notwithstanding any other provision of this
21 section, any thoroughbred permitholder that conducts
22 performances during the period beginning May 23 and ending
23 January 2 must make available any live pari-mutuel event
24 conducted and any simulcast pari-mutuel event received by such
25 permitholder to any thoroughbred permitholder that conducts
26 performances during the period beginning March 17 and ending
27 May 22, and such guest permitholder is authorized to accept
28 wagers on such signals. Notwithstanding s. 550.0951(3)(c),
29 the tax on wagers accepted by the guest permitholder on such
30 events shall be 2 percent, but such amount shall be retained
31 by the host track as compensation for lost revenues and

1 purses. At least 50 percent of the amount retained shall be
2 paid as purses at the host track. This subsection applies only
3 to thoroughbred permitholders located in any area of the state
4 where there are three or more thoroughbred permitholders
5 within 25 miles of each other.

6 Section 23. Paragraph (g) of subsection (9) of section
7 550.6305, Florida Statutes, 1998 Supplement, is amended to
8 read:

9 550.6305 Intertrack wagering; guest track payments;
10 accounting rules.--

11 (9) A host track that has contracted with an
12 out-of-state horse track to broadcast live races conducted at
13 such out-of-state horse track pursuant to s. 550.3551(5) may
14 broadcast such out-of-state races to any guest track and
15 accept wagers thereon in the same manner as is provided in s.
16 550.3551.

17 (g)~~1~~. Any thoroughbred permitholder which accepts
18 wagers on a simulcast signal must make the signal available to
19 any permitholder that is located more than 25 miles from where
20 the permitholder providing the signal is located and that is
21 eligible to conduct intertrack wagering under the provisions
22 of ss. 550.615-550.6345.

23 ~~2. Any thoroughbred permitholder which accepts wagers~~
24 ~~on a simulcast signal received after 6 p.m. must make such~~
25 ~~signal available to any permitholder that is eligible to~~
26 ~~conduct intertrack wagering under the provisions of ss.~~
27 ~~550.615-550.6345, including any permitholder located as~~
28 ~~specified in s. 550.615(6). Such guest permitholders are~~
29 ~~authorized to accept wagers on such simulcast signal,~~
30 ~~notwithstanding any other provision of this chapter to the~~
31 ~~contrary.~~

1 3. ~~Any thoroughbred permitholder which accepts wagers~~
2 ~~on a simulcast signal received after 6 p.m. must make such~~
3 ~~signal available to any permitholder that is eligible to~~
4 ~~conduct intertrack wagering under the provisions of ss.~~
5 ~~550.615-550.6345, including any permitholder located as~~
6 ~~specified in s. 550.615(9). Such guest permitholders are~~
7 ~~authorized to accept wagers on such simulcast signals for a~~
8 ~~number of performances not to exceed that which constitutes a~~
9 ~~full schedule of live races for a quarter horse permitholder~~
10 ~~pursuant to s. 550.002(11), notwithstanding any other~~
11 ~~provision of this chapter to the contrary, except that the~~
12 ~~restrictions provided in s. 550.615(9)(a) apply to wagers on~~
13 ~~such simulcast signals.~~

14
15 No thoroughbred permitholder shall be required to continue to
16 rebroadcast a simulcast signal to any in-state permitholder if
17 the average per performance gross receipts returned to the
18 host permitholder over the preceding 30-day period were less
19 than \$100. Subject to the provisions of s. 550.615(4), as a
20 condition of receiving rebroadcasts of thoroughbred simulcast
21 signals under this paragraph, a guest permitholder must accept
22 intertrack wagers on all live races conducted by all
23 then-operating thoroughbred permitholders.

24 Section 24. Section 550.6308, Florida Statutes, 1998
25 Supplement, is amended to read:

26 550.6308 Limited intertrack wagering license.--In
27 recognition of the economic importance of the thoroughbred
28 breeding industry to this state, its positive impact on
29 tourism, and of the importance of a permanent thoroughbred
30 sales facility as a key focal point for the activities of the
31 industry, a limited license to conduct intertrack wagering is

1 established to ensure the continued viability and public
2 interest in thoroughbred breeding in Florida.

3 (1) Upon application to the division on or before
4 January 31 of each year, any person that is licensed to
5 conduct public sales of thoroughbred horses pursuant to s.
6 535.01, that has conducted at least 15 days of thoroughbred
7 horse sales at a permanent sales facility in this state for at
8 least 3 consecutive years, and that has conducted at least 1
9 day of nonwagering thoroughbred racing in this state, with a
10 purse structure of at least \$250,000 per year for 2
11 consecutive years before such application, shall be issued a
12 license to conduct intertrack wagering for thoroughbred racing
13 for up to 21 days in connection with thoroughbred sales, to
14 conduct intertrack wagering at such permanent sales facility
15 between November 1 and May 8, to conduct intertrack wagering
16 at such permanent sales facility between May 9 and October 31
17 at such times and on such days as any thoroughbred, jai alai,
18 or a greyhound permitholder in the same county is not
19 conducting live performances, and to conduct intertrack
20 wagering under the provisions of this subsection during the
21 weekend of the Kentucky Derby, the Preakness, the Belmont, and
22 a Breeders' Cup Meet that is conducted before November 1 and
23 after May 8, subject to conditions set forth in this section
24 but no more than one such license may be issued and no such
25 license may be issued for a facility located within 50 miles
26 of any thoroughbred permitholder's track.

27 (2) If more than one application is submitted for such
28 license, the division shall determine which applicant shall be
29 granted the license. In making its determination, the division
30 shall grant the license to the applicant demonstrating
31 superior capabilities, as measured by the length of time the

1 applicant has been conducting thoroughbred sales within this
2 state or elsewhere, the applicant's total volume of
3 thoroughbred horse sales, within this state or elsewhere, the
4 length of time the applicant has maintained a permanent
5 thoroughbred sales facility in this state, and the quality of
6 the facility.

7 (3) The applicant must comply with the provisions of
8 ss. 550.125 and 550.1815.

9 (4) Intertrack wagering under this section may be
10 conducted only on thoroughbred horse racing.

11 (5) Notwithstanding the limitations on use of the
12 license provided in subsections (1) and (4) and s. 550.615(9),
13 if the licensee is also operating as a video lottery retailer,
14 the licensee may conduct intertrack wagering on thoroughbred
15 horse racing and on greyhound racing and the licensee may also
16 conduct intertrack wagering between May 9 and October 31 at
17 such times and on such days as any thoroughbred, jai alai, or
18 a greyhound permitholder in the same county is conducting live
19 performances.

20 Section 25. Subsection (5) of section 565.02, Florida
21 Statutes, is amended to read:

22 565.02 License fees; vendors; clubs; caterers; and
23 others.--

24 (5) A caterer at a horse or dog racetrack or jai alai
25 fronton may obtain a license upon the payment of an annual
26 state license tax of \$675. Such caterer's license shall permit
27 sales only within the enclosure in which such races or jai
28 alai games are conducted, and such licensee shall be permitted
29 to sell ~~only~~ during the period beginning 10 days before and
30 ending 10 days after racing or jai alai under the authority of
31 the Division of Pari-mutuel Wagering of the Department of

1 Business and Professional Regulation is conducted at such
2 racetrack or jai alai fronton and on days on which the
3 pari-mutuel facility is open to the public for the purpose of
4 video lottery play authorized by the Department of the
5 Lottery. Except as in this subsection otherwise provided,
6 caterers licensed hereunder shall be treated as vendors
7 licensed to sell by the drink the beverages mentioned herein
8 and shall be subject to all the provisions hereof relating to
9 such vendors.

10 Section 26. Compulsive gambling program.--The Alcohol,
11 Drug Abuse, and Mental Health Program Office within the
12 Department of Children and Family Services shall establish a
13 program for public education, awareness, and training
14 regarding problem and compulsive gambling and the treatment
15 and prevention of problem and compulsive gambling. The program
16 shall include:

17 (1) Maintenance of a compulsive gambling advocacy
18 organization's toll-free problem gambling telephone number to
19 provide crisis counseling and referral services to families
20 experiencing difficulty as a result of problem or compulsive
21 gambling.

22 (2) The promotion of public awareness regarding the
23 recognition and prevention of problem or compulsive gambling.

24 (3) Facilitation, through inservice training and other
25 means, of the availability of effective assistance programs
26 for problem and compulsive gamblers, of all ages, and family
27 members affected by problem and compulsive gambling.

28 (4) Studies to identify adults and juveniles in this
29 state who are, or who are at risk of becoming, problem or
30 compulsive gamblers.

31

1 Section 27. Section 24.1126, Florida Statutes, is
2 created to read:

3 24.1126 Notice of availability of assistance for
4 compulsive gambling required.--

5 (1) The owner of each facility at which video lottery
6 games are conducted, pursuant to the provisions of chapter 24,
7 shall post signs with the statement "IF YOU OR SOMEONE YOU
8 KNOW HAS A GAMBLING PROBLEM, HELP IS AVAILABLE. CALL
9 1-800-426-7711." Such signs shall be posted within 50 feet of
10 each entrance and exit and within 50 feet of each credit
11 location within the facility.

12 (2) Each pari-mutuel facility licensee, who operates
13 as a video lottery retailer, shall print the statement "IF YOU
14 OR SOMEONE YOU KNOW HAS A GAMBLING PROBLEM, HELP IS AVAILABLE.
15 CALL 1-800-426-7711" on all daily racing programs provided by
16 the licensee or its lessees to the general public.

17 Section 28. This act shall take effect upon becoming a
18 law, if House Bill 1455, House Bill 1457, House Bill 1459, and
19 House Bill 1461, or similar legislation is adopted in the same
20 legislative session or an extension thereof.

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