

By Senator Silver

38-1453-02

1 A bill to be entitled
2 An act relating to video lotteries; amending s.
3 24.103, F.S., relating to definitions; defining
4 the terms "video lottery game," "video lottery
5 terminal vendor," "net terminal income," and
6 "video lottery retailer"; amending s. 24.105,
7 F.S.; providing duties of the Department of the
8 Lottery relating to establishment and operation
9 of video lottery games; providing specific
10 rulemaking authority; amending s. 24.1055,
11 F.S.; conforming a cross-reference; prohibiting
12 participation of minors in video lottery games;
13 requiring warning signs; providing criminal
14 penalties; creating s. 24.127, F.S.; providing
15 requirements for video lottery games and
16 retailers; providing suspension powers to the
17 Department of the Lottery; providing for fines;
18 providing for enforcement of suspension orders
19 or fines in circuit court; providing for
20 allocation of net terminal income; providing
21 for distribution of proceeds; providing funds
22 to the Department of Children and Family
23 Services for a program on compulsive gambling;
24 providing for use of certain funds for purses,
25 awards, and benefits; requiring certain written
26 agreements; providing for transfer of funds
27 into the Public Education Capital Outlay and
28 Debt Service Trust Fund and to the Department
29 of Elderly Affairs; prohibiting manipulation or
30 attempted manipulation of lottery games or
31 terminals; providing criminal penalties;

1 providing for payment of prizes; prohibiting
2 isolation of video lottery terminals in
3 pari-mutuel facilities; creating s. 24.128,
4 F.S.; providing for licensure of video lottery
5 terminal vendors; creating s. 24.129, F.S.;
6 prohibiting certain zoning changes by local
7 governments; creating s. 24.130, F.S., relating
8 to video lottery terminals; requiring that such
9 terminals be approved by the department;
10 providing technical specifications; creating s.
11 24.131, F.S.; providing for training and
12 certification of video lottery terminal service
13 employees; providing rulemaking authority;
14 amending s. 212.02, F.S.; providing that video
15 lottery terminals are not coin-operated
16 amusement machines for the purpose of taxation;
17 creating s. 550.26315, F.S., relating to the
18 administration of the Video Lottery Purse Trust
19 Fund; providing for distribution of proceeds;
20 requiring certain proceeds to be used as
21 additional purses, awards, or compensation;
22 providing for transfer of certain proceeds to
23 the Video Lottery Thoroughbred Trust Fund;
24 providing rulemaking authority; creating s.
25 550.26325, F.S., relating to the distribution
26 of funds from the Video Lottery Thoroughbred
27 Trust Fund; requiring certain uses of
28 distributed funds; creating s. 550.401, F.S.;
29 prohibiting the cancellation of certain
30 contracts by greyhound racing tracks; amending
31 s. 550.615, F.S.; requiring written consent of

1 certain permitholders relating to intertrack
2 wagering; amending s. 550.6308, F.S.;
3 authorizing an intertrack wagering licensee to
4 conduct intertrack wagering on additional types
5 of races and on additional days if operating as
6 a video lottery retailer; amending s. 565.02,
7 F.S.; providing that pari-mutuel facilities may
8 be licensed to sell alcoholic beverages when
9 conducting video lottery games; directing the
10 Alcohol, Drug Abuse, and Mental Health Program
11 Office within the Department of Children and
12 Family Services to establish a program relating
13 to compulsive gambling, which includes public
14 education, training, prevention, and treatment;
15 creating s. 24.131, F.S.; requiring video
16 lottery retailers to provide notice of a
17 toll-free problem gambling hotline; repealing
18 ss. 550.125 and 550.0951(2)(a), F.S., relating
19 to a uniform reporting system and an admission
20 tax; providing an effective date.

21
22 WHEREAS, the need for additional classroom construction
23 both now and in the future will require an additional source
24 of revenue to meet that need, and

25 WHEREAS, the Florida Lottery was authorized by the
26 electors of the state in the Florida Constitution and was
27 enacted by the Legislature, in part, to provide for the
28 enhancement of educational opportunities in this state, and

29 WHEREAS, the pari-mutuel industry has provided
30 employment, entertainment, and financial resources to the
31

1 state for over 75 years, and has been a vital part of the
2 tourism industry, and

3 WHEREAS, the pari-mutuel industry permitholders are
4 strictly licensed and regulated by the state and have
5 established a lengthy record of complying with the laws of
6 this state, and

7 WHEREAS, the amount that may be wagered at a licensed
8 facility has been unlimited, and

9 WHEREAS, there are a limited number of pari-mutuel
10 permits in the state, and

11 WHEREAS, the Legislature has determined that permitting
12 video lottery terminals in licensed pari-mutuel facilities
13 will provide needed revenue for the construction of
14 educational facilities, enhance the economic vitality of the
15 pari-mutuel industry, and enhance the economic vitality of the
16 state as a whole, and ensure the protection of the public
17 interests, and

18 WHEREAS, the implementation of video lottery games as
19 part of the state lottery would provide additional funding
20 that could, and should, be dedicated to addressing the unmet
21 need for education in this state, NOW, THEREFORE,

22

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

24

25 Section 1. Section 24.103, Florida Statutes, is
26 amended to read:

27 24.103 Definitions.--As used in this chapter ~~act~~:

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

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

30 (3) "Person" means any individual, firm, association,
31 joint adventure, partnership, estate, trust, syndicate,

1 fiduciary, corporation, or other group or combination and
2 shall include any agency or political subdivision of the
3 state.

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

17 (5) "Retailer" means a person who sells lottery
18 tickets on behalf of the department pursuant to a contract.

19 (6) "Vendor" means a person who provides or proposes
20 to provide goods or services to the department, but does not
21 include an employee of the department, a retailer, or a state
22 agency.

23 (7) "Video lottery game" means an electronically
24 simulated game involving any element of chance that is played
25 on a video lottery terminal that, upon insertion of cash,
26 tokens, credits, or voucher, is available to play or simulate
27 a lottery-type game, including, but not limited to, line-up
28 games utilizing a video display and microprocessors, and in
29 which, by means of an element of chance, the player may
30 receive credits that can be redeemed for cash. "Video lottery
31 game" also means an electronically simulated game involving

1 elements of chance and skill that is played on a video lottery
2 terminal that, upon insertion of cash, tokens, credits, or
3 voucher, is available to play or simulate the play of
4 traditional card games including, but not limited to, video
5 poker, utilizing a cathode ray tube or video display screen
6 and microprocessors, and in which the player may win credits
7 that can be redeemed for cash. The term also includes a
8 progressive game, which is any game in which a jackpot grows
9 and accumulates as it is being played on a video lottery
10 terminal, or on a network of video lottery terminals, and in
11 which the outcome is randomly determined by the play of video
12 lottery terminals linked by a central network. A video lottery
13 terminal may use spinning reels or video displays, or both. No
14 video lottery terminal shall directly dispense coins, cash, or
15 tokens.

16 (8) "Video lottery terminal vendor" means any person
17 or entity approved by the department which provides the video
18 lottery terminals to a video lottery retailer or computer
19 functions related to video lottery terminals to the
20 department.

21 (9) "Net terminal income" means currency and other
22 consideration placed into a video lottery terminal minus
23 credits redeemed by players.

24 (10) "Video lottery retailer" means any person who
25 possesses a pari-mutuel permit issued pursuant to chapter 550,
26 who either annually conducts a full schedule of live jai alai
27 games or live greyhound, horse, or harness racing as defined
28 by s. 550.002(11), or is authorized to receive broadcasts of
29 horseraces pursuant to s. 550.615.

30 Section 2. Section 24.105, Florida Statutes, is
31 amended to read:

1 24.105 Powers and duties of department.--The
2 department shall:

3 (1) Have the authority to sue or be sued in the
4 corporate name of the department and to adopt a corporate seal
5 and symbol.

6 (2) Supervise and administer the operation of the
7 lottery in accordance with the provisions of this chapter ~~act~~
8 and rules adopted pursuant thereto.

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

14 (4) Submit monthly and annual reports to the Governor,
15 the Treasurer, the President of the Senate, and the Speaker of
16 the House of Representatives disclosing the total lottery
17 revenues, prize disbursements, and other expenses of the
18 department during the preceding month. The annual report
19 shall additionally describe the organizational structure of
20 the department, including its hierarchical structure, and
21 shall identify the divisions and bureaus created by the
22 secretary and summarize the departmental functions performed
23 by each.

24 (5) Adopt by rule a system of internal audits.

25 (6) Maintain weekly or more frequent records of
26 lottery transactions, including the distribution of tickets to
27 retailers, revenues received, claims for prizes, prizes paid,
28 and other financial transactions of the department.

29 (7) Make a continuing study of the lottery to
30 ascertain any defects of the laws governing the lottery ~~this~~
31 ~~act~~ or rules adopted thereunder which could result in abuses

1 in the administration of the lottery; make a continuing study
2 of the operation and the administration of similar laws in
3 other states and of federal laws which may affect the lottery;
4 and make a continuing study of the reaction of the public to
5 existing and potential features of the lottery.

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

11 (9) Have in place the capacity to support video
12 lottery games at facilities of video lottery retailers
13 beginning no later than October 1, 2002.

14 (10) Hear and decide promptly and in reasonable order
15 all license applications or proceedings for suspension or
16 revocation of licenses.

17 (11) Collect and disburse such revenue due the
18 department as described in this chapter.

19 (12) Certify net terminal income by inspecting
20 records, conducting audits, or any other reasonable means.

21 (13) Provide a list of approved vendors and maintain a
22 current list of all contracts between video lottery terminal
23 vendors and video lottery retailers.

24 (14) Approve an application as a video lottery
25 retailer, pursuant to s. 24.103(11), within 30 days after the
26 receipt of the application.

27 (15)~~(9)~~ Adopt rules governing the establishment and
28 operation of the state lottery, including:

29 (a) The type of lottery games to be conducted, except
30 that:

31

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

5 2. No coins or currency shall be dispensed from any
6 electronic computer terminal or device used in any lottery
7 game.

8 3. Other than as provided in subparagraph 4., no
9 terminal or device may be used for any lottery game which may
10 be operated solely by the player without the assistance of the
11 retailer, except authorized video lottery terminals operated
12 pursuant to this chapter.

13 4. The only player-activated machine which may be
14 utilized is a machine which dispenses instant lottery game
15 tickets following the insertion of a coin or currency by a
16 ticket purchaser. To be authorized a machine must: be under
17 the supervision and within the direct line of sight of the
18 lottery retailer to ensure that the machine is monitored and
19 only operated by persons at least 18 years of age; be capable
20 of being electronically deactivated by the retailer to
21 prohibit use by persons less than 18 years of age through the
22 use of a lockout device that maintains the machine's
23 deactivation for a period of no less than 5 minutes; and be
24 designed to prevent its use or conversion for use in any
25 manner other than the dispensing of instant lottery tickets.
26 Authorized machines may dispense change to players purchasing
27 tickets but may not be utilized for paying the holders of
28 winning tickets of any kind. At least one clerk must be on
29 duty at the lottery retailer while the machine is in
30 operation. However, at least two clerks must be on duty at any
31 lottery location which has violated s. 24.1055.

- 1 (b) The sales price of tickets.
- 2 (c) The number and sizes of prizes.
- 3 (d) The method of selecting winning tickets. However,
4 if a lottery game involves a drawing, the drawing shall be
5 public and witnessed by an accountant employed by an
6 independent certified public accounting firm. The equipment
7 used in the drawing shall be inspected before and after the
8 drawing.
- 9 (e) The manner of payment of prizes to holders of
10 winning tickets.
- 11 (f) The frequency of drawings or selections of winning
12 tickets.
- 13 (g) The number and type of locations at which tickets
14 may be purchased.
- 15 (h) The method to be used in selling tickets.
- 16 (i) The manner and amount of compensation of
17 retailers.
- 18 (j) Such other matters necessary or desirable for the
19 efficient or economical operation of the lottery or for the
20 convenience of the public.
- 21 (k) The regulation of video lottery retailers as
22 pertains to video lottery products.
- 23 (l) Specifications for video lottery terminals to be
24 approved and authorized as the department deems necessary to
25 maintain the integrity of video lottery games and terminals.
26 Initial rules sufficient to permit the operation of video
27 lotteries and the licensing of video lottery retailers shall
28 be adopted no later than August 1, 2002. The department may
29 not provide for specifications that would have the result of
30 reducing to fewer than four the number of video lottery
31

1 terminal vendors who supply terminals that meet the
2 specifications.

3 (m) The licensure and regulation of video lottery
4 terminal vendors. The department may not approve any person as
5 a video lottery terminal vendor if such person has an interest
6 in a video lottery retailer or a business relationship with a
7 video lottery retailer other than as a vendor or lessor of
8 video lottery terminals.

9 (16)(10) Have the authority to hold copyrights,
10 trademarks, and service marks and enforce its rights with
11 respect thereto.

12 (17)(11) In the selection of games and method of
13 selecting winning tickets, be sensitive to the impact of the
14 lottery upon the pari-mutuel industry and, accordingly, the
15 department may use for any game the theme of horseracing,
16 dogracing, or jai alai and may allow a lottery game to be
17 based upon a horserace, dograce, or jai alai activity so long
18 as the outcome of such lottery game is determined entirely by
19 chance.

20 (18)(12)(a) Determine by rule information relating to
21 the operation of the lottery which is confidential and exempt
22 from the provisions of s. 119.07(1) and s. 24(a), Art. I of
23 the State Constitution. Such information includes trade
24 secrets; security measures, systems, or procedures; security
25 reports; information concerning bids or other contractual
26 data, the disclosure of which would impair the efforts of the
27 department to contract for goods or services on favorable
28 terms; employee personnel information unrelated to
29 compensation, duties, qualifications, or responsibilities; and
30 information obtained by the Division of Security pursuant to
31 its investigations which is otherwise confidential. To be

1 deemed confidential, the information must be necessary to the
2 security and integrity of the lottery. Confidential
3 information may be released to other governmental entities as
4 needed in connection with the performance of their duties.
5 The receiving governmental entity shall retain the
6 confidentiality of such information as provided for in this
7 subsection.

8 (b) Maintain the confidentiality of the street address
9 and the telephone number of a winner, in that such information
10 is confidential and exempt from the provisions of s. 119.07(1)
11 and s. 24(a), Art. I of the State Constitution, unless the
12 winner consents to the release of such information or as
13 provided for in s. 24.115(4) or s. 409.2577.

14 (c) Any information made confidential and exempt from
15 the provisions of s. 119.07(1) under this subsection shall be
16 disclosed to the Auditor General, to the Office of Program
17 Policy Analysis and Government Accountability, or to the
18 independent auditor selected under s. 24.123 upon such
19 person's request therefor. If the President of the Senate or
20 the Speaker of the House of Representatives certifies that
21 information made confidential under this subsection is
22 necessary for effecting legislative changes, the requested
23 information shall be disclosed to him or her, and he or she
24 may disclose such information to members of the Legislature
25 and legislative staff as necessary to effect such purpose.

26 (19)~~(13)~~ Have the authority to perform any of the
27 functions of the Department of Management Services under
28 chapter 255, chapter 273, chapter 281, chapter 283, or chapter
29 287, or any rules adopted under any such chapter, and may
30 grant approvals provided for under any such chapter or rules.
31 If the department finds, by rule, that compliance with any

1 such chapter would impair or impede the effective or efficient
2 operation of the lottery, the department may adopt rules
3 providing alternative procurement procedures. Such
4 alternative procedures shall be designed to allow the
5 department to evaluate competing proposals and select the
6 proposal that provides the greatest long-term benefit to the
7 state with respect to the quality of the products or services,
8 dependability and integrity of the vendor, dependability of
9 the vendor's products or services, security, competence,
10 timeliness, and maximization of gross revenues and net
11 proceeds over the life of the contract.

12 (20)~~(14)~~ Have the authority to acquire real property
13 and make improvements thereon. The title to such property
14 shall be vested in the Board of Trustees of the Internal
15 Improvement Trust Fund. The board shall give the department
16 preference in leasing state-owned lands under the board's
17 control and may not exercise any jurisdiction over lands
18 purchased or leased by the department while such lands are
19 actively used by the department. Actions of the department
20 under this subsection are exempt from the time limitations and
21 deadlines of chapter 253.

22 (21)~~(15)~~ Have the authority to charge fees to persons
23 applying for contracts as vendors or retailers, which fees are
24 reasonably calculated to cover the costs of investigations and
25 other activities related to the processing of the application.

26 (22)~~(16)~~ Enter into contracts for the purchase, lease,
27 or lease-purchase of such goods and services as are necessary
28 for the operation and promotion of the state lottery,
29 including assistance provided by any governmental agency.

30 (23)~~(17)~~ In accordance with the provisions of this
31 chapter act, enter into contracts with retailers so as to

1 provide adequate and convenient availability of tickets to the
2 public for each game.

3 (24)~~(18)~~ Have the authority to enter into agreements
4 with other states for the operation and promotion of a
5 multistate lottery if such agreements are in the best interest
6 of the state lottery. The authority conferred by this
7 subsection is not effective until 1 year after the first day
8 of lottery ticket sales.

9 (25)~~(19)~~ Employ division directors and other staff as
10 may be necessary to carry out the provisions of this chapter
11 ~~act~~; however:

12 (a) No person shall be employed by the department who
13 has been convicted of, or entered a plea of guilty or nolo
14 contendere to, a felony committed in the preceding 10 years,
15 regardless of adjudication, unless the department determines
16 that:

17 1. The person has been pardoned or his or her civil
18 rights have been restored; or

19 2. Subsequent to such conviction or entry of plea the
20 person has engaged in the kind of law-abiding commerce and
21 good citizenship that would reflect well upon the integrity of
22 the lottery.

23 (b) No officer or employee of the department having
24 decisionmaking authority shall participate in any decision
25 involving any vendor or retailer with whom the officer or
26 employee has a financial interest. No such officer or
27 employee may participate in any decision involving any vendor
28 or retailer with whom the officer or employee has discussed
29 employment opportunities without the approval of the secretary
30 or, if such officer is the secretary, without the approval of
31 the Governor. Any officer or employee of the department shall

1 notify the secretary of any such discussion or, if such
2 officer is the secretary, he or she shall notify the Governor.
3 A violation of this paragraph is punishable in accordance with
4 s. 112.317.

5 (c) No officer or employee of the department who
6 leaves the employ of the department shall represent any vendor
7 or retailer before the department regarding any specific
8 matter in which the officer or employee was involved while
9 employed by the department, for a period of 1 year following
10 cessation of employment with the department. A violation of
11 this paragraph is punishable in accordance with s. 112.317.

12 (d) The department shall establish and maintain a
13 personnel program for its employees, including a personnel
14 classification and pay plan which may provide any or all of
15 the benefits provided in the Senior Management Service or
16 Selected Exempt Service. Each officer or employee of the
17 department shall be a member of the Florida Retirement System.
18 The retirement class of each officer or employee shall be the
19 same as other persons performing comparable functions for
20 other agencies. Employees of the department shall serve at
21 the pleasure of the secretary and shall be subject to
22 suspension, dismissal, reduction in pay, demotion, transfer,
23 or other personnel action at the discretion of the secretary.
24 Such personnel actions are exempt from the provisions of
25 chapter 120. All employees of the department are exempt from
26 the Career Service System provided in chapter 110 and,
27 notwithstanding the provisions of s. 110.205(5), are not
28 included in either the Senior Management Service or the
29 Selected Exempt Service. However, all employees of the
30 department are subject to all standards of conduct adopted by
31 rule for career service and senior management employees

1 pursuant to chapter 110. In the event of a conflict between
2 standards of conduct applicable to employees of the Department
3 of the Lottery the more restrictive standard shall apply.
4 Interpretations as to the more restrictive standard may be
5 provided by the Commission on Ethics upon request of an
6 advisory opinion pursuant to s. 112.322(3)(a), for purposes of
7 this subsection the opinion shall be considered final action.

8 (26)~~(20)~~ Adopt by rule a code of ethics for officers
9 and employees of the department which supplements the
10 standards of conduct for public officers and employees imposed
11 by law.

12 Section 3. Section 24.1055, Florida Statutes, is
13 amended to read:

14 24.1055 Prohibition against sale of lottery tickets to
15 minors; posting of signs; penalties.--

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

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

21 THE SALE OF LOTTERY TICKETS TO PERSONS UNDER
22 THE AGE OF 18 IS AGAINST FLORIDA LAW (SECTION
23 24.1055 ~~24.105~~, FLORIDA STATUTES). PROOF OF
24 AGE IS REQUIRED FOR PURCHASE.

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

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

30 THE USE OF A VIDEO LOTTERY TERMINAL BY PERSONS
31 UNDER THE AGE OF 18 IS AGAINST FLORIDA LAW

1 (SECTION 24.1055, FLORIDA STATUTES). PROOF OF
2 AGE IS REQUIRED FOR USE.

3 ~~(5)(3)~~ Any person, including any vendor or video
4 lottery retailer, who violates this section is guilty of a
5 misdemeanor of the second degree, punishable as provided in s.
6 775.082 or s. 775.083.

7 Section 4. Section 24.127, Florida Statutes, is
8 created to read:

9 24.127 Video lottery games.--

10 (1) Video lottery games may only be offered by a video
11 lottery retailer at its pari-mutuel facility. During any
12 calendar year in which a video lottery retailer maintains
13 video lottery terminals within the confines of its pari-mutuel
14 facility, the video lottery retailer must conduct a full
15 schedule of live racing or games as defined in s. 550.002(11)
16 or be authorized to receive broadcasts of horseraces pursuant
17 to s. 550.615. In the case of a person who possesses a
18 greyhound racing permit or a jai alai permit, such person
19 shall be eligible to serve as a video lottery retailer only if
20 that permitholder also conducted, during the prior fiscal
21 year, no fewer than 80 percent of the number of performances
22 and no fewer than 80 percent of the number of live races or
23 games which the same permitholder conducted during the
24 2000-2001 state fiscal year. The department may waive the
25 requirements provided in this subsection relating to the
26 conducting of live races or games upon a showing that the
27 failure to conduct such games resulted from a natural disaster
28 or other acts beyond the control of the permitholder. If the
29 video lottery retailer fails to comply with the requirement to
30 conduct a full schedule of races or games or, if a greyhound
31 racing permitholder or jai alai permitholder, the video

1 lottery retailer failed in the previous fiscal year to conduct
2 the required number of live races or games, within 30 days
3 after written notice from the department, the department shall
4 order the video lottery retailer to suspend its video lottery
5 operation. The department may assess an administrative fine
6 not to exceed \$5,000 per video lottery terminal, per day,
7 against any video lottery retailer who fails to suspend its
8 video lottery operation when ordered to suspend by the
9 department. The department may enforce its order of suspension
10 or any administrative fine assessed in furtherance of such
11 order as provided in s. 120.69. Each video lottery retailer
12 shall post a bond payable to the state in an amount determined
13 by the department that is sufficient to guarantee payment to
14 the state of revenue due in any payment period.

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

18 (3) To facilitate the auditing and security programs
19 critical to the integrity of the video lottery system, the
20 department shall have overall control of the entire system.
21 Each video lottery terminal shall be linked, directly or
22 indirectly, to a computer system under the control of the
23 department.

24 (4) The department shall determine, by rule, the
25 method by which cash receipts will be electronically validated
26 and redeemed.

27 (5) Video lottery games may be played at an authorized
28 video lottery retailer's pari-mutuel facility even if such
29 retailer is not conducting a pari-mutuel event.

30 (6) Video lottery games shall pay out a minimum of 88
31 percent and not more than 99 percent of the amount of cash,

1 tokens, credits, or vouchers put into a video lottery
2 terminal. The department may permit the payment of a lesser
3 percentage if requested by a video lottery retailer and the
4 department determines that the payment of a minimum of 88
5 percent is not financially viable at the video lottery
6 retailer's location and that the total amount of net revenue
7 payable to the state will not be negatively impacted. Such
8 percentages shall be measured on an annual basis.

9 (7) Income derived from video lottery operations is
10 not subject to s. 24.121. The allocation of net terminal
11 income derived from video lottery games shall be as follows:

12 (a) Twenty-eight and one-half percent to the Video
13 Lottery Administrative Trust Fund of the department for
14 transfer to the Public Education Capital Outlay and Debt
15 Service Trust Fund.

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

19 (c) Two percent to the Video Lottery Administrative
20 Trust Fund of the department for transfer to the
21 Administrative Trust Fund established pursuant to s. 24.120.

22 (d) Eight percent to the Video Lottery Administrative
23 Trust Fund of the department for transfer to the Video Lottery
24 Purse Trust Fund in the Department of Business and
25 Professional Regulation, to be distributed in accordance with
26 s. 550.26315(1).

27 (e) To the Video Lottery Administrative Trust Fund of
28 the department for transfer to the Department of Children and
29 Family Services, 0.25 percent for the establishment and
30 administration of a treatment program for compulsive gambling.

31

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

7 (g) If the video lottery retailer holds a valid jai
8 alai permit under chapter 550, 6 percent of its net terminal
9 income shall be distributed by the video lottery retailer as
10 purses for live performances conducted at the video lottery
11 retailer's pari-mutuel facility in accordance with chapter
12 550.

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

19 (i) To be retained by the video lottery retailer as
20 compensation:

21 1. If a valid thoroughbred permitholder under chapter
22 550, 51.75 percent to be distributed between the permitholder
23 and the horsemen as purses as provided by contract with the
24 horseman's association representing a majority of the horsemen
25 stabled at that permitholder's racing facility and the
26 permitholder.

27 2. If a valid holder of a permit other than a
28 thoroughbred permit, 45.75 percent.

29 3. If the holder of a license issued pursuant to s.
30 550.615(9) or s. 550.6308, 51.75 percent to be distributed 50
31 percent to the holder of the license and 50 percent to be paid

1 as purses by the permitholder conducting live thoroughbred
2 racing on the date such 50 percent is calculated. If more than
3 one thoroughbred permitholder is operating, then the 50
4 percent shall be prorated between the operating permitholders
5 on a basis of the total pari-mutuel handle of each operating
6 thoroughbred permitholder compared to the total of all
7 operating thoroughbred pari-mutuel permitholders on the date
8 such 50 percent is calculated; however, a thoroughbred
9 permitholder may not receive less than one-fourth of the 50
10 percent.

11 (j) If the video lottery retailer holds a license
12 issued pursuant to s. 550.615(9) or s. 550.6308, of the
13 remaining 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 (8) The allocation provided in subsection (7) shall be
25 made weekly. Amounts allocated pursuant to paragraphs
26 (7)(a)-(e) shall be remitted to the department by electronic
27 transfer on a Wednesday covering all amounts due calculated as
28 of the prior Friday, after the allocation is determined. If no
29 live meets were conducted at the pari-mutuel facility during
30 the weekly period for which the allocation is made, the
31 distribution of purse money shall be made during the next

1 ensuing meet following the weekly period in which the net
2 terminal income is earned. The accumulated amount to be
3 distributed as purses during the next ensuing meet shall be
4 distributed weekly during the permitholder's next race
5 meeting. Not less than one-half of the interest income earned
6 on funds required to be distributed prior to their
7 distribution as purses shall be distributed by the video
8 lottery retailer as purses for live performances conducted at
9 the video lottery retailer's pari-mutuel facility.

10 (9) Any person who, with intent to manipulate the
11 outcome, payoff, or operation of a video lottery terminal,
12 manipulates or attempts to manipulate the outcome, payoff, or
13 operation of a video lottery terminal by physical or
14 electronic tampering or other means commits a felony of the
15 third degree, punishable as provided in s. 775.082, s.
16 775.083, or s. 775.084.

17 (10) Notwithstanding s. 24.115, each video lottery
18 retailer shall have the responsibility for payment of video
19 lottery prizes.

20 (11) In any area or room in a facility in which a
21 video lottery terminal is placed, the video lottery retailer
22 must also place video monitors displaying the live races or
23 games of that facility, if such are being conducted, or, if no
24 live races or games are being conducted, displaying available
25 simulcast races or games. In each such area or room, the video
26 lottery retailer shall also provide a means by which patrons
27 may wager on pari-mutuel activity.

28 Section 5. Section 24.128, Florida Statutes, is
29 created to read:

30 24.128 Licensure of video lottery terminal
31 vendors.--Video lottery terminal vendors shall be licensed by

1 the Department of the Lottery, and, by October 1, 2002, the
2 department shall adopt rules governing such licensure. The
3 department may not license any person as a video lottery
4 terminal vendor if such person has an interest in a video
5 lottery retailer or a business relationship with a video
6 lottery retailer other than as a vendor or lessor of video
7 lottery terminals.

8 Section 6. Section 24.129, Florida Statutes, is
9 created to read:

10 24.129 Local zoning of pari-mutuel facilities.--The
11 installation, operation, or use of a video lottery terminal on
12 any property on which pari-mutuel operations were or would
13 have been lawful under any county or municipal zoning
14 ordinance as of July 1, 1997, shall not be deemed to change
15 the character of the use of such property and shall not be
16 prohibited on such property by any local zoning ordinance or
17 amendments thereto.

18 Section 7. Section 24.130, Florida Statutes, is
19 created to read:

20 24.130 Video lottery terminals.--

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

23 (2) Video lottery terminals approved for use in this
24 state shall:

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

27 (b) Have one or more mechanisms that accept coins,
28 currency, tokens, or vouchers in exchange for game credits.
29 Such mechanisms shall be designed to prevent players from
30 obtaining credits by means of physical tampering.

31

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

3 (d) Be capable of being linked to the department's
4 central computer communications system for the purpose of
5 auditing the operation, financial data, and program
6 information as required by the department.

7 Section 8. Section 24.131, Florida Statutes, is
8 created to read:

9 24.131 Video lottery terminal training program.--

10 (1) Every licensed video lottery terminal vendor shall
11 submit a training program for the service and maintenance of
12 such terminals and equipment for approval by the department.
13 The training program shall include an outline of the training
14 curriculum, a list of instructors and their qualifications, a
15 copy of the instructional materials, and the dates, times, and
16 location of training classes. No service and maintenance
17 program shall be held unless approved by the department.

18 (2) Every video lottery terminal service employee
19 shall complete the requirements of the manufacturer's training
20 program before such employee performs service, maintenance, or
21 repair on video lottery terminals or video lottery terminal
22 associated equipment. Upon the successful completion by a
23 service employee of the training program required by this
24 section, the department shall issue a certificate authorizing
25 such employee to service, maintain, and repair video lottery
26 terminals and video lottery terminal associated equipment. No
27 certificate of completion shall be issued to any video lottery
28 terminal service employee until the department has ascertained
29 that such employee has completed the required training
30 program. Any person certified as a video lottery terminal
31 service employee under this section shall pass a background

1 investigation conducted under the rules of the department. The
2 department may revoke certification upon finding a video
3 lottery terminal service employee in violation of any
4 provision of this chapter or a department rule.

5 (3) The department may adopt rules regarding the
6 training, qualifications, and certification of video lottery
7 terminal service employees, as provided in this section.

8 Section 9. Subsection (24) of section 212.02, Florida
9 Statutes, is amended to read:

10 212.02 Definitions.--The following terms and phrases
11 when used in this chapter have the meanings ascribed to them
12 in this section, except where the context clearly indicates a
13 different meaning:

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

23 Section 10. Section 550.26315, Florida Statutes, is
24 created to read:

25 550.26315 Administration of the Video Lottery Purse
26 Trust Fund.--

27 (1) Fifty-eight percent of the proceeds of the Video
28 Lottery Purse Trust Fund shall be transferred to the Video
29 Lottery Thoroughbred Trust Fund.

30 (2) Forty-two percent of the proceeds of the Video
31 Lottery Purse Trust Fund shall be distributed to pari-mutuel

1 permitholders to be distributed as purses at their respective
2 pari-mutuel facilities as follows:

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

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

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

9
10 Each permitholder entitled to receive distributions under a
11 paragraph of this subsection shall receive a percentage of the
12 amount to be distributed under that paragraph which is
13 determined by dividing the amounts paid in purses by such
14 permitholder during the prior state fiscal year by the amount
15 of purses paid by all such permitholders statewide during the
16 prior state fiscal year.

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

21 (4) Of amounts to be distributed pursuant to this
22 section and s. 24.127(7)(h) to persons holding valid greyhound
23 racing permits, 10 percent of such sums shall be distributed
24 as additional purses on all live races at each facility to
25 Florida-bred greyhounds in a manner similar to the
26 distribution of regular purses and in accordance with rules
27 adopted by the division.

28 (5) Of amounts to be distributed pursuant to this
29 section and s. 24.127(7)(f) to persons holding valid harness
30 racing permits, 6.6 percent of such sums shall be distributed
31 for payment of breeders' awards, stallion awards, and stallion

1 stakes, and for additional expenditures pursuant to ss.
2 550.26165 and 550.2625. The Florida Standardbred Breeders and
3 Owners Association may, in accordance with s. 550.2625(4),
4 deduct a fee for administering the payment of awards and for
5 general promotion of the industry.

6 (6) The department may adopt rules to provide for the
7 equitable distribution of funds by permitholders for purses,
8 awards, or jai alai player compensation, in accordance with
9 the provisions of this section.

10 Section 11. Section 550.26325, Florida Statutes, is
11 created to read:

12 550.26325 Distribution of funds from Video Lottery
13 Thoroughbred Trust Fund.--The proceeds of the Video Lottery
14 Thoroughbred Trust Fund shall be distributed as follows:

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

21 (2) The remainder shall be divided proportionally
22 among the thoroughbred permitholders for use as purses based
23 upon a formula determined by dividing the amounts paid in
24 purses by such thoroughbred permitholder during the 2000-2001
25 state fiscal year by the amount of purses paid by all such
26 thoroughbred permitholders statewide during the 2000-2001
27 state fiscal year.

28 Section 12. Section 550.401, Florida Statutes, is
29 created to read:

30 550.401 Limited prohibition on termination of kennel
31 operators.--A greyhound track may not terminate a kennel

1 operator, other than for breach of contract that remains in
2 breach 15 days following the delivery in writing of notice of
3 such breach to the kennel operator, for 12 months following
4 the first period that purse payments are made pursuant to the
5 provisions of s. 550.26315. Thereafter, only those kennel
6 operators can be terminated without cause if the kennel
7 occupies one of the bottom three positions based on total
8 number of wins for two consecutive racing seasons, which may
9 include the 12-month period following the first period that
10 purse payments are made pursuant to the provisions of s.
11 550.26315.

12 Section 13. Subsections (3) and (4) of section
13 550.615, Florida Statutes, are amended to read:

14 550.615 Intertrack wagering.--

15 (3) If a permitholder who does not operate as a video
16 lottery retailer as defined in s. 24.103 elects to broadcast
17 its signal to any permitholder in this state, any permitholder
18 that is eligible to conduct intertrack wagering under the
19 provisions of ss. 550.615-550.6345 is entitled to receive the
20 broadcast and conduct intertrack wagering under this section;
21 provided, however, that the host track may require a guest
22 track within 25 miles of another permitholder to receive in
23 any week at least 60 percent of the live races that the host
24 track is making available on the days that the guest track is
25 otherwise operating live races or games. A host track may
26 require a guest track not operating live races or games and
27 within 25 miles of another permitholder to accept within any
28 week at least 60 percent of the live races that the host track
29 is making available. A person may not restrain or attempt to
30 restrain any permitholder that is otherwise authorized to

31

1 conduct intertrack wagering from receiving the signal of any
2 other permitholder or sending its signal to any permitholder.

3 (4) In no event shall any intertrack wager be accepted
4 on the same class of live or simulcast races or games of any
5 permitholder without the written consent of such operating
6 permitholders conducting the same class of live or simulcast
7 races or games if the guest track is within the market area of
8 such operating permitholder.

9 Section 14. Subsection (6) is added to section
10 550.6308, Florida Statutes, to read:

11 550.6308 Limited intertrack wagering license.--In
12 recognition of the economic importance of the thoroughbred
13 breeding industry to this state, its positive impact on
14 tourism, and of the importance of a permanent thoroughbred
15 sales facility as a key focal point for the activities of the
16 industry, a limited license to conduct intertrack wagering is
17 established to ensure the continued viability and public
18 interest in thoroughbred breeding in Florida.

19 (6) Notwithstanding the limitations on use of the
20 license provided in subsections (1) and (4) and s. 550.615(9),
21 if the licensee is also operating as a video lottery retailer,
22 the licensee may conduct intertrack wagering on thoroughbred
23 horse racing and on greyhound racing and the licensee may also
24 conduct intertrack wagering between May 9 and October 31 at
25 such times and on such days as any thoroughbred, jai alai, or
26 a greyhound permitholder in the same county is conducting live
27 performances.

28 Section 15. Subsection (5) of section 565.02, Florida
29 Statutes, is amended to read:

30 565.02 License fees; vendors; clubs; caterers; and
31 others.--

1 (5) A caterer at a horse or dog racetrack or jai alai
2 fronton may obtain a license upon the payment of an annual
3 state license tax of \$675. Such caterer's license shall permit
4 sales only within the enclosure in which such races or jai
5 alai games are conducted, and such licensee shall be permitted
6 to sell ~~only~~ during the period beginning 10 days before and
7 ending 10 days after racing or jai alai under the authority of
8 the Division of Pari-mutuel Wagering of the Department of
9 Business and Professional Regulation is conducted at such
10 racetrack or jai alai fronton and on days on which the
11 pari-mutuel facility is open to the public for the purpose of
12 video lottery play authorized by the Department of the
13 Lottery. Except as otherwise provided in this subsection
14 ~~otherwise provided~~, caterers licensed hereunder shall be
15 treated as vendors licensed to sell by the drink the beverages
16 mentioned herein and shall be subject to all the provisions
17 hereof relating to such vendors.

18 Section 16. Compulsive gambling program.--The Alcohol,
19 Drug Abuse, and Mental Health Program Office within the
20 Department of Children and Family Services shall establish a
21 program for public education, awareness, and training
22 regarding problem and compulsive gambling and the treatment
23 and prevention of problem and compulsive gambling. The program
24 shall include:

25 (1) Maintenance of a compulsive gambling advocacy
26 organization's toll-free problem gambling telephone number to
27 provide crisis counseling and referral services to families
28 experiencing difficulty as a result of problem or compulsive
29 gambling.

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

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

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

8 Section 17. Section 24.131, Florida Statutes, is
9 created to read:

10 24.131 Notice of availability of assistance for
11 compulsive gambling required.--

12 (1) The owner of each facility at which video lottery
13 games are conducted, pursuant to the provisions of chapter 24,
14 shall post signs with the statement "IF YOU OR SOMEONE YOU
15 KNOW HAS A GAMBLING PROBLEM, HELP IS AVAILABLE. CALL
16 1-800-426-7711." Such signs shall be posted within 50 feet of
17 each entrance and exit and within 50 feet of each credit
18 location within the facility.

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

24 Section 18. Section 550.125, Florida Statutes, as
25 amended by section 122 of chapter 2001-266, Laws of Florida,
26 and paragraph (a) of subsection (2) of section 550.0951,
27 Florida Statutes, are repealed.

28 Section 19. This act shall take effect upon becoming a
29 law.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31

SENATE SUMMARY

Provides for the establishment and operation of video lottery games to be conducted at pari-mutuel facilities. Provides for the allocation of income from the games to the Department of the Lottery for transfer to the Public Education Capital Outlay and Debt Service Trust Fund and to the Department of Elderly Affairs. Provides additional funds for pari-mutuel purses. Requires video lottery retailers to provide notice of a toll-free problem gambling hotline. (See bill for details.)