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A bill to be entitled

An act relating to video lotteries; amending s. 24.101, F.S.; redesignating ch. 24, F.S., as the "Florida Public Education Lottery Chapter"; amending ss. 24.102, 24.108, 24.111, 24.118, and 24.120, F.S., to conform; making technical corrections within the chapter; amending s. 24.103, F.S., relating to definitions; defining the terms "video lottery game," "video lottery terminal vendor, " "net terminal income, " and "video lottery retailer"; amending s. 24.105, F.S.; providing duties of the Department of the Lottery relating to establishment and operation of video lottery games; providing specific rulemaking authority; amending s. 24.1055, F.S.; correcting a reference; prohibiting participation of minors in video lottery games; requiring warning signs; providing criminal penalties; creating s. 24.1121, F.S.; providing requirements for video lottery games and retailers; providing suspension powers to the Department of the Lottery; providing for fines; providing for enforcement of suspension orders or fines in circuit court; providing for allocation of net terminal income; providing for distribution of proceeds; providing funds to the Department of Children and Family Services for a program on compulsive gambling; providing for use of certain funds for purses, awards, and benefits; requiring certain written agreements; providing for transfer of funds

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into the Public Education Capital Outlay and Debt Service Trust Fund and into the Department of Elderly Affairs' Grants and Donations Trust Fund; prohibiting manipulation or attempted manipulation of lottery games or terminals; providing criminal penalties; providing for payment of prizes; prohibiting isolation of video lottery terminals in pari-mutuel facilities; creating s. 24.1122, F.S.; providing for licensure of video lottery terminal vendors; creating s. 24.1123, F.S.; prohibiting certain zoning changes by local governments; creating s. 24.1124, F.S., relating to video lottery terminals; requiring that such terminals be approved by the department; providing technical specifications; creating s. 24.1125, F.S.; providing for training and certification of video lottery terminal service employees; providing rulemaking authority; creating s. 24.1126, F.S.; requiring video lottery retailers to provide notice of a toll-free problem gambling hotline; amending s. 24.117, F.S.; prohibiting knowingly permitting use of video lottery terminals by minors; providing criminal penalties; amending s. 24.122, F.S.; prohibiting state and local taxation of the installation, rental, or use of video lottery terminals; amending s. 212.02, F.S.; clarifying that video lottery terminals are not coin-operated amusement machines for the

purpose of taxation; creating s. 550.26315, 1 2 F.S., relating to the administration of the 3 Video Lottery Purse Trust Fund; providing for 4 distribution of proceeds; requiring certain 5 proceeds to be used as additional purses, awards, or compensation; providing for transfer 6 7 of certain proceeds to the Video Lottery 8 Thoroughbred Trust Fund; providing rulemaking authority; creating s. 550.26325, F.S., 9 relating to the distribution of funds from the 10 11 Video Lottery Thoroughbred Trust Fund; 12 requiring certain uses of distributed funds; 13 amending s. 550.2625, F.S.; requiring that the 14 Division of Pari-Mutuel Wagering of the 15 Department of Business and Professional 16 Regulation adopt rules regarding the distribution of certain awards and funds, 17 including video lottery proceeds, received for 18 distribution to thoroughbred owners and 19 20 breeders by pari-mutuel permitholders or by horsemen's or breeders' associations; providing 21 an exemption; providing administrative fines 22 for underpaying purses or awards; requiring 23 24 periodic audited accountings by permitholders 25 and by horsemen's and breeders' associations; permitting agreement to increase the cap on 26 27 horseracing purses; creating s. 550.401, F.S.; 28 prohibiting the cancellation of certain 29 contracts by greyhound racing tracks; amending s. 550.615, F.S.; providing that pari-mutuel 30 31 facilities are not required to broadcast their

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

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

WHEREAS, the Florida Lottery was authorized by the citizens of the State of Florida in the Florida Constitution and was enacted by the Legislature of the State of Florida, in

part, to provide for the enhancement of educational opportunities in this state, and

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

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

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

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

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

 $\label{eq:WHEREAS} \mbox{ WHEREAS, there are a limited number of pari-mutuel} \\ \mbox{permits in Florida, and}$

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

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

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

24.101 Short title.--This <u>chapter</u> act may be cited as the "Florida Public Education Lottery Chapter Act."

Section 2. Subsection (1) and paragraph (a) of subsection (2) of section 24.102, Florida Statutes, are amended to read:

24.102 Purpose and intent.--

- (1) The purpose of this <u>chapter</u> act is to implement s. 15, Art. X of the State Constitution in a manner that enables the people of the state to benefit from significant additional moneys for education and also enables the people of the state to play the best lottery games available.
 - (2) The intent of the Legislature is:
- (a) That the net proceeds of lottery games conducted pursuant to this <u>chapter</u> act be used to support improvements in public education and that such proceeds not be used as a substitute for existing resources for public education.

Section 3. Subsections (7), (8), (9), and (10) are added to section 24.103, Florida Statutes, to read:

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

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

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

- (8) "Video lottery terminal vendor" means any person or entity approved by the department which provides the video lottery terminals to a video lottery retailer or computer functions related to video lottery terminals to the department.
- (9) "Net terminal income" means currency and other consideration placed into a video lottery terminal minus credits redeemed by players.
- conducted at least one full schedule of live jai alai games between January 1, 1990, and June 30, 2001, as defined by s. 550.002(11), or is authorized to receive broadcasts of horseraces pursuant to s. 550.615.

Section 4. Subsection (7) and paragraph (a) of subsection (9) of section 24.105, Florida Statutes, are amended, paragraphs (k), (l), and (m) are added to subsection (9) of said section and subsections (21), (22), (23), (24), (25), and (26) are added to said section, to read:

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

- (7) Make a continuing study of the lottery to ascertain any defects of the laws governing the lottery this act or rules adopted thereunder which could result in abuses in the administration of the lottery; make a continuing study of the operation and the administration of similar laws in other states and of federal laws which may affect the lottery; and make a continuing study of the reaction of the public to existing and potential features of the lottery.
- (9) Adopt rules governing the establishment and operation of the state lottery, including:
- (a) The type of lottery games to be conducted, except that:
- 1. No name of an elected official shall appear on the ticket or play slip of any lottery game or on any prize or on any instrument used for the payment of prizes, unless such prize is in the form of a state warrant.
- 2. No coins or currency shall be dispensed from any electronic computer terminal or device used in any lottery game.
- 3. Other than as provided in subparagraph 4., no terminal or device may be used for any lottery game which may be operated solely by the player without the assistance of the retailer, except authorized video lottery terminals operated pursuant to this chapter.

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- The only player-activated machine which may be utilized is a machine which dispenses instant lottery game tickets following the insertion of a coin or currency by a ticket purchaser. To be authorized a machine must: be under the supervision and within the direct line of sight of the lottery retailer to ensure that the machine is monitored and only operated by persons at least 18 years of age; be capable of being electronically deactivated by the retailer to prohibit use by persons less than 18 years of age through the use of a lockout device that maintains the machine's deactivation for a period of no less than 5 minutes; and be designed to prevent its use or conversion for use in any manner other than the dispensing of instant lottery tickets. Authorized machines may dispense change to players purchasing tickets but may not be utilized for paying the holders of winning tickets of any kind. At least one clerk must be on duty at the lottery retailer while the machine is in operation. However, at least two clerks must be on duty at any lottery location which has violated s. 24.1055.
- (k) The regulation of video lottery retailers as pertains to video lottery products.
- approved and authorized as the department deems necessary to maintain the integrity of video lottery games and terminals. Initial rules sufficient to permit the operation of video lotteries and the licensing of video lottery retailers shall be adopted no later than August 1, 2002. The department shall not provide for specifications which would have the result of reducing to fewer than four the number of video lottery terminal vendors who supply terminals which meet the specifications.

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- The licensure and regulation of video lottery terminal vendors. The department shall not approve any person as a video lottery terminal vendor if such person has an interest in a video lottery retailer or a business relationship with a video lottery retailer other than as a vendor or lessor of video lottery terminals. (21) Have in place the capacity to support video lottery games at facilities of video lottery retailers beginning no later than October 1, 2002. (22) Hear and decide promptly and in reasonable order all license applications or proceedings for suspension or revocation of licenses. (23) Collect and disperse such revenue due the department as described in this chapter. (24) Certify net terminal income by inspecting records, conducting audits, or any other reasonable means.
- (26) Approve an application as a video lottery retailer, pursuant to s. 24.103(10) within 30 days after the receipt of the application.

current list of all contracts between video lottery terminal

(25) Provide a list of approved vendors and maintain a

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

vendors and video lottery retailers.

- 24.1055 Prohibition against sale of lottery tickets to minors; posting of signs; penalties.--
- (1) No person who is less than 18 years of age may purchase a lottery ticket by means of a machine or otherwise.
- 29 (2) Any retailer that sells lottery tickets by means 30 of a player activated machine shall post a clear and 31 conspicuous sign on such machine, which states the following:

THE SALE OF LOTTERY TICKETS TO PERSONS UNDER 1 2 THE AGE OF 18 IS AGAINST FLORIDA LAW (SECTION 3 24.1055 24.105, FLORIDA STATUTES). PROOF OF 4 AGE IS REQUIRED FOR PURCHASE. 5 (3) No person who is less than 18 years of age may 6 play a video lottery game authorized by this chapter. 7 (4) Any video lottery retailer that has a video 8 lottery terminal at its facility shall post a clear and 9 conspicuous sign on such terminal, which states the following: 10 THE USE OF A VIDEO LOTTERY TERMINAL BY PERSONS 11 UNDER THE AGE OF 18 IS AGAINST FLORIDA LAW 12 (SECTION 24.1055, FLORIDA STATUTES). PROOF OF 13 AGE IS REQUIRED FOR USE. 14 (5)(3) Any person, including any vendor or video 15 lottery retailer, who violates this section is guilty of a 16 misdemeanor of the second degree, punishable as provided in s. 775.082 or s. 775.083. 17 Section 6. Subsection (5) and paragraph (b) of 18 19 subsection (7) of section 24.108, Florida Statutes, are 20 amended to read: 24.108 Division of Security; duties; security 21 22 report.--23 (5) The Department of Law Enforcement shall provide assistance in obtaining criminal history information relevant 24 25 to investigations required for honest, secure, and exemplary 26 lottery operations, and such other assistance as may be 27 requested by the secretary and agreed to by the executive 28 director of the Department of Law Enforcement. Any other state 29 agency, including the Department of Business and Professional Regulation and the Department of Revenue, shall, upon request, 30

31 provide the Department of the Lottery with any information

relevant to any investigation conducted pursuant to this chapter act. The Department of the Lottery shall maintain the confidentiality of any confidential information it receives from any other agency. The Department of the Lottery shall reimburse any agency for the actual cost of providing any assistance pursuant to this subsection.

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

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

24.111 Vendors; disclosure and contract requirements.--

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

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

24.1121 Video lottery games.--

(1) Video lottery games may only be offered by a video lottery retailer at its pari-mutuel facility. During any calendar year in which a video lottery retailer maintains video lottery terminals within the confines of its pari-mutuel facility, the video lottery retailer must conduct a full schedule of live racing or games as defined in s. 550.002(11) or be authorized to receive broadcasts of horseraces pursuant to s. 550.615. In the case of a person who possesses a greyhound racing permit or a jai alai permit, such person shall be eligible to serve as a video lottery retailer only if that permitholder also conducted, during the prior fiscal year, no fewer than 80 percent of the number of performances

and no fewer than 80 percent of the number of live races or 1 2 games which the same permitholder conducted during the 2001-2002 state fiscal year. The department may waive the 3 4 requirements provided in this subsection relating to the 5 conducting of live races or games upon a showing that the 6 failure to conduct such games resulted from a natural disaster 7 or other acts beyond the control of the permitholder. If the 8 video lottery retailer fails to comply with the requirement to 9 conduct a full schedule of races or games or, if a greyhound racing permitholder or jai alai permitholder, the video 10 lottery retailer failed in the previous fiscal year to conduct 11 12 the required number of live races or games, within 30 days 13 after written notice from the department, the department shall 14 order the video lottery retailer to suspend its video lottery 15 operation. The department may assess an administrative fine 16 not to exceed \$5,000 per video lottery terminal, per day, 17 against any video lottery retailer who fails to suspend its video lottery operation when ordered to suspend by the 18 19 department. The department may enforce its order of suspension 20 or any administrative fine assessed in furtherance of such order as provided in s. 120.69. Each video lottery retailer 21 22 shall post a bond payable to the state in an amount determined by the department that is sufficient to guarantee payment to 23 24 the state of revenue due in any payment period. 25 (2) Each pari-mutuel permitholder shall notify the 26 department prior to operating video lottery games at the 27 pari-mutuel facility. 28 (3) To facilitate the auditing and security programs 29 critical to the integrity of the video lottery system, the

department shall have overall control of the entire system.

Each video lottery terminal shall be linked, directly or

indirectly, to a computer system under the control of the department.

- (4) The department shall determine, by rule, the method by which cash receipts will be electronically validated and redeemed.
- (5) No person under the age of 18 years may play a video lottery game authorized by this chapter.
- (6) Video lottery games may be played at an authorized video lottery retailer's pari-mutuel facility even if such retailer is not conducting a pari-mutuel event.
- percent of the amount of cash, tokens, credits, or vouchers put into a video lottery terminal. The department may permit the payment of a lesser percentage if requested by a video lottery retailer and the department determines that the payment of a minimum of 88 percent is not financially viable at the video lottery retailer's location and that the total amount of net revenue payable to the Public Education Capital Outlay and Debt Service Trust Fund will not be negatively impacted. Such percentages shall be measured on an annual basis.
- (8) Income derived from video lottery operations shall not be subject to the provisions of s. 24.121. The allocation of net terminal income derived from video lottery games shall be as follows:
- (a) Thirty-six percent to the Video Lottery

 Administrative Trust Fund of the department for transfer to
 the Public Education Capital Outlay and Debt Service Trust

 Fund.
- 30 (b) Two percent to the Video Lottery Administrative
 31 Trust Fund for transfer to in equal shares to the counties in

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which the pari-mutuel facilities with video lottery terminals are located. if any such pari-mutuel facility with video lottery terminals is located within an incorporated municipality, twenty percent of the equal share of the two percent otherwise to be transferred to the county in which such facility is located shall instead be transferred to such municipality.

- (c) Two percent to the Video Lottery Administrative Trust Fund of the department for transfer to the Administrative Trust Fund established pursuant to s. 24.120.
- (d) Eight percent to the Video Lottery Administrative Trust Fund of the department for transfer to the Video Lottery Purse Trust Fund in the Department of Business and Professional Regulation, to be distributed in accordance with s. 550.26315(1).
- (e) To the Video Lottery Administrative Trust Fund of the department for transfer to the Department of Children and Family Services, 0.25 percent for the establishment and administration of a treatment program for compulsive gambling.
- (f) If the video lottery retailer holds a valid harness racing permit under chapter 550, 6 percent of its net terminal income shall be distributed by the video lottery retailer as purses for live performances conducted at the video lottery retailer's pari-mutuel facility in accordance with the provisions of chapter 550.
- (g) If the video lottery retailer holds a valid jai alai permit under chapter 550, 6 percent of its net terminal income shall be distributed by the video lottery retailer as purses for live performances conducted at the video lottery retailer's pari-mutuel facility in accordance with chapter 31 550.

- (h) If the video lottery retailer holds a valid greyhound racing permit under chapter 550, 6 percent of its net terminal income shall be distributed by the video lottery retailer as purses for live performances conducted at the video lottery retailer's pari-mutuel facility in accordance with chapter 550.
- (i) To be retained by the video lottery retailer as compensation:
- 1. If a valid thoroughbred permitholder under chapter 550, 51.75 percent to be distributed as provided in paragraph (j).
- 2. If a valid holder of a permit other than a thoroughbred permit, 45.75 percent.
- 3. If the holder of a license issued pursuant to s. 550.615(9) or s. 550.6308, 51.75 percent to be distributed as provided in paragraph (k).
- (j) If the video lottery retailer holds a valid thoroughbred racing permit under chapter 550, the remaining net terminal income generated at its facility:
- 1. Three and three-tenths percent shall be distributed for use as Florida thoroughbred breeders' and stallion awards pursuant to ss. 550.26165 and 550.2625.
- 2. One-quarter of one percent shall be distributed to the Jockeys' Guild Health and Welfare Trust maintained by Jockeys' Guild, Inc., for the purpose of providing health, disability, and retirement benefits to active, disabled, and retired Florida jockeys in accordance with eligibility criteria established by Jockeys' Guild, Inc., shall annually provide a certified financial statement of the expenditures made for benefits provided under this subparagraph.

- 3. Ninety-six and forty-five one hundredths percent shall be distributed as provided by written agreement between the video lottery retailer and the Florida Horseman's

 Benevolent and Protective Association. Such contract shall be filed with the department. No video lottery retailer required to enter into a contract by this subparagraph shall be authorized to conduct video lottery games unless such contract is in effect and is filed with the department.
- (k) If the video lottery retailer holds a license issued pursuant to s. 550.615(9) or s. 550.6308, the remaining net terminal income generated at its facility:
- 1. Three and three-tenths percent shall be distributed for use as Florida thoroughbred breeders' and stallion awards pursuant to ss. 550.26165 and 550.2625.
- 2. Ninety-six and seven-tenths percent shall be distributed as provided by written agreement between the video lottery retailer and the Florida Thoroughbred Breeders'

 Association. Such contract shall be filed with the department. No video lottery retailer required to enter into a contract by this subparagraph shall be authorized to conduct video lottery games unless such contract is in effect and is filed with the department.
- (9) The allocation provided in subsection (8) shall be made weekly. Amounts allocated pursuant to paragraphs (8)(a)-(e) shall be remitted to the department by electronic transfer within 24 hours after the allocation is determined. If live meets were conducted at the pari-mutuel facility of the video lottery retailer during the weekly period for which the allocation is made, the portion of the allocation to be distributed pursuant to paragraphs (8)(f), (g), and (h) shall be paid as purses for those live meets. If no live meets were

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conducted at the pari-mutuel facility during the weekly period
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   for which the allocation is made, the distribution of purse
   money shall be made during the next ensuing meet following the
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   weekly period in which the net terminal income is earned. The
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   accumulated amount to be distributed as purses during the next
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   ensuing meet shall be distributed weekly during the
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   permitholder's next race meeting in an amount determined by
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   dividing the amount to be distributed by the number of
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   performances approved for the permitholder pursuant to its
   annual license and multiplying that amount by the number of
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   performances conducted each week. No less than one-half of the
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   interest income earned on funds required to be distributed
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   under paragraphs (8)(f), (g), and (h) prior to their
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   distribution as purses shall be distributed by the video
   lottery retailer as purses for live performances conducted at
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   the video lottery retailer's pari-mutuel facility in
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   accordance with chapter 550.
          (10) Any person who, with intent to manipulate the
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   outcome, payoff, or operation of a video lottery terminal,
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   manipulates or attempts to manipulate the outcome, payoff, or
   operation of a video lottery terminal by physical or
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   electronic tampering or other means commits a felony of the
   third degree, punishable as provided in s. 775.082, s.
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   775.083, or s. 775.084.
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          (11) Notwithstanding s. 24.115, each video lottery
   retailer shall have the responsibility for payment of video
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   lottery prizes.
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          (12) In any area or room in a facility in which a
   video lottery terminal is placed, the video lottery retailer
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   must also place video monitors displaying the live races or
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   games of that facility, if such are being conducted, or, if no
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live races or games are being conducted, displaying some or 1 2 all of the available simulcast races or games, giving 3 preference to performances conducted by Florida pari-mutuel permitholders. In each such area or room, the video lottery 4 5 retailer shall also provide a means by which patrons may wager 6 on pari-mutuel activity. 7 Section 9. Section 24.1122, Florida Statutes, is 8 created to read: 9 24.1122 Licensure of video lottery terminal vendors. -- Video lottery terminal vendors shall be licensed by 10 11 the Department of the Lottery, and, by August 1, 2002, the 12 department shall adopt rules governing such licensure. The 13 department shall not license any person as a video lottery 14 terminal vendor if such person has an interest in a video lottery retailer or a business relationship with a video 15 16 lottery retailer other than as a vendor or lessor of video 17 lottery terminals. Section 10. Section 24.1123, Florida Statutes, is 18 19 created to read: 20 24.1123 Local zoning of pari-mutuel facilities.--The installation, operation, or use of a video lottery terminal on 21 22 any property on which pari-mutuel operations were or would have been lawful under any county or municipal zoning 23 ordinance as of July 1, 2000, shall not be deemed to change 24 the character of the use of such property and shall not be 25 26 prohibited on such property by any local zoning ordinance or 27 amendments thereto. 28 Section 11. Section 24.1124, Florida Statutes, is 29 created to read: 30 24.1124 Video lottery terminals.--

(1) Video lottery terminals shall not be offered for 1 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, currency, tokens, or vouchers in exchange for game credits. 8 9 Such mechanisms shall be designed to prevent players from obtaining credits by means of physical tampering. 10 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 auditing the operation, financial data, and program 15 16 information as required by the department. 17 Section 12. Section 24.1125, Florida Statutes, is created to read: 18 19 24.1125 Video lottery terminal training program. --20 (1) Every licensed video lottery terminal vendor shall submit a training program for the service and maintenance of 21 22 such terminals and equipment for approval by the department. The training program shall include an outline of the training 23 curriculum, a list of instructors and their qualifications, a 24 copy of the instructional materials, and the dates, times, and 25 26 location of training classes. No service and maintenance program shall be held unless approved by the department. 27 28 (2) Every video lottery terminal service employee

shall complete the requirements of the manufacturer's training

program before such employee performs service, maintenance, or

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repair on video lottery terminals or video lottery terminal

associated equipment. Upon the successful completion by a 1 2 service employee of the training program required by this 3 section, the department shall issue a certificate authorizing such employee to service, maintain, and repair video lottery 4 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 service employee under this section shall pass a background 10 investigation conducted under the rules of the department. The 11 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 24.1126, Florida Statutes, is 20 created to read: 24.1126 Notice of availability of assistance for 21 22 compulsive gambling required .--23 (1) The owner of each facility at which video lottery 24 games are conducted, pursuant to the provisions of chapter 24, 25 shall post signs with the statement "IF YOU OR SOMEONE YOU 26 KNOW HAS A GAMBLING PROBLEM, HELP IS AVAILABLE. CALL 27 1-800-426-7711." Such signs shall be posted within 50 feet of 28 each entrance and exit and within 50 feet of each credit 29 location within the facility. (2) Each pari-mutuel facility licensee, who operates 30

OR SOMEONE YOU KNOW HAS A GAMBLING PROBLEM, HELP IS AVAILABLE. CALL 1-800-426-7711" on all daily racing programs provided by the licensee or its lessees to the general public.

Section 14. Subsection (2) of section 24.117, Florida Statutes, is amended to read:

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

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

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

Section 15. Subsection (4) of section 24.118, Florida Statutes, is amended to read:

24.118 Other prohibited acts; penalties.--

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

Section 16. Subsection (1) of section 24.120, Florida Statutes, is amended to read:

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

(1) There is hereby created in the State Treasury an Administrative Trust Fund to be administered in accordance with chapters 215 and 216 by the department. All money 31 received by the department which remains after payment of

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prizes and initial compensation paid to retailers shall be deposited into the Administrative Trust Fund. All moneys in the trust fund are appropriated to the department for the purposes specified in this chapter act.

Section 17. Section 24.122, Florida Statutes, is amended to read:

- 24.122 Exemption from taxation; state preemption; inapplicability of other laws. --
- This chapter act shall not be construed to authorize any lottery except the lotteries lottery operated or directed by the department pursuant to this chapter act.
- (2) No state or local tax shall be imposed upon any prize paid or payable under this chapter act or upon the sale of any lottery ticket or the installation, rental, or use of any video lottery terminal pursuant to this chapter act.
- (3) All matters relating to the operation of the state lottery are preempted to the state, and no county, municipality, or other political subdivision of the state shall enact any ordinance relating to the operation of the lottery authorized by this chapter act. However, this subsection shall not prohibit a political subdivision of the state from requiring a retailer to obtain an occupational license for any business unrelated to the sale of lottery tickets.
- (4) Any state or local law providing any penalty, disability, restriction, or prohibition for the possession, manufacture, transportation, distribution, advertising, or sale of any lottery ticket, including chapter 849, shall not apply to the tickets of the state lottery operated pursuant to this chapter act; nor shall any such law apply to the 31 possession of a ticket issued by any other government-operated

lottery. In addition, activities of the department under this chapter act are exempt from the provisions of:

- (a) Chapter 616, relating to public fairs and expositions.
- (b) Chapter 946, relating to correctional work programs.
- (c) Chapter 282, relating to communications and data processing.
- (d) Section 110.131, relating to other personal services.

Section 18. Subsection (24) of section 212.02, Florida Statutes, is amended to read:

- 212.02 Definitions.--The following terms and phrases when used in this chapter have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:
- machine operated by coin, slug, token, coupon, or similar device for the purposes of entertainment or amusement. The term includes, but is not limited to, coin-operated pinball machines, music machines, juke boxes, mechanical games, video games, arcade games, billiard tables, moving picture viewers, shooting galleries, and all other similar amusement devices. The term does not include a video lottery terminal approved pursuant to chapter 24.

Section 19. Section 550.26315, Florida Statutes, is created to read:

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

- (1) Fifty-eight percent of the proceeds of the Video Lottery Purse Trust Fund shall be transferred to the Video Lottery Thoroughbred Trust Fund.
- (2) Forty-two percent of the proceeds of the Video

 Lottery Purse Trust Fund shall be distributed to pari-mutuel

 permitholders to be distributed as purses at their respective

 pari-mutuel facilities as follows:
- (a) Eight percent shall be distributed to holders of valid harness racing permits.
- (b) Seven percent shall be distributed to holders of valid jai alai permits.
- (c) Twenty-seven percent shall be distributed to holders of valid greyhound racing permits.

Each permitholder entitled to receive distributions under a paragraph of this subsection shall receive a percentage of the amount to be distributed under that paragraph which is determined by dividing the amounts paid in purses by such permitholder during the state fiscal year 2000-2001 by the amount of purses paid by all such permitholders statewide during the state fiscal year 2000-2001.

- (3) All proceeds distributed under this section are in addition to and supplement the other funds set forth in this chapter for use as purses, awards, and, in the case of jai alai, player compensation.
- (4) Of amounts to be distributed pursuant to this section and s. 24.1121(8)(h) to persons holding valid greyhound racing permits, 10 percent of such sums shall be distributed as additional purses on all live races at each facility to Florida-bred greyhounds in a manner similar to the

distribution of regular purses and in accordance with rules adopted by the division.

- (5) Of amounts to be distributed pursuant to this section and s. 24.1121(8)(f) to persons holding valid harness racing permits, 6.6 percent of such sums shall be distributed for payment of breeders' awards, stallion awards, and stallion stakes, and for additional expenditures pursuant to ss. 550.26165 and 550.2625. The Florida Standardbred Breeders and Owners Association may, in accordance with s. 550.2625(4), deduct a fee for administering the payment of awards and for general promotion of the industry.
- (6) The department is authorized to adopt rules to provide for the equitable distribution of funds by permitholders for purses, awards, or jai alai player compensation, in accordance with the provisions of this section.

Section 20. Section 550.26325, Florida Statutes, is created to read:

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

- (1) For use as Florida thoroughbred breeders' and stallion awards pursuant to ss. 550.26165 and 550.2625: 6.6 percent. The Florida Thoroughbred Breeders' Association may, in accordance with s. 550.2625(3), deduct a fee for administering the payment of awards and for general promotion of the industry.
- (2) The remainder shall be divided proportionally among the thoroughbred permitholders for use as purses based upon a formula determined by dividing the amounts paid in purses by such thoroughbred permitholder during the 2000-2001

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state fiscal year by the amount of purses paid by all such thoroughbred permitholders statewide during the 2000-2001 state fiscal year.

Section 21. Paragraphs (d) and (e) of subsection (2) and paragraph (a) of subsection (6) of section 550.2625, Florida Statutes, are amended, and paragraph (f) is added to subsection (2), to read:

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

- (2) Each permitholder conducting a horserace meet is required to pay from the takeout withheld on pari-mutuel pools a sum for purses in accordance with the type of race performed.
- (d) The division shall adopt reasonable rules to ensure the timely and accurate payment of all amounts withheld by horserace permitholders regarding the distribution of purses, Florida breeders' and stallion awards, and Florida owners' awards, and all other amounts received or collected for payment to owners and breeders, including video lottery proceeds. Each permitholder that fails to pay out during its meet all moneys received or collected for payment to owners and breeders during that meet shall, within 30 10 days after the end of the meet during which the underpayment occurred permitholder underpaid purses, deposit an amount equal to the underpayment into a separate interest-bearing account to be distributed to owners and breeders in accordance with division rules. Any permitholder paying out during its meet less than 90 percent of all moneys received or collected for payment to owners and breeders during that meet shall be subject to an administrative fine in an amount equal to double the amount of the underpayment. Within 30 days after the end of its meet,

each permitholder shall be required to file with the division an audited accounting reflecting the receipt and payment of all sums dedicated to purses, Florida breeders' and stallion awards, and Florida owners' awards.

- (e) An amount equal to 8.5 percent of the purse account generated through video lottery proceeds pursuant to s. 550.26325(2), intertrack wagering, and interstate simulcasting shall will be used for Florida Owners' Awards as set forth in subsection (3). This percentage may be changed by written agreement between the Florida Horseman's Benevolent and Protective Association and the Florida Thoroughbred Breeders' Association, filed with the division. Any thoroughbred permitholder that had with an average blended takeout which does not exceed 20 percent and with an average daily purse distribution excluding sponsorship, entry fees, and nominations exceeding \$225,000 in the 2000-2001 fiscal year is exempt from the provisions of this paragraph. This exemption shall apply for up to 73 racing days.
- ensure the timely and accurate payment of all amounts received or collected by a horsemen's or breeders' association for payment to owners and breeders, including video lottery proceeds. Each horsemen's or breeders' association that fails to pay out during the calendar year all moneys received or collected for payment to owners and breeders during that year shall, within 30 days after the end of the calendar year during which the underpayment occurred, deposit an amount equal to the underpayment into a separate interest-bearing account to be distributed to owners or breeders in accordance with division rules. Any horsemen's or breeders' association paying out during the calendar year less than 90 percent of

 all moneys received or collected for payment to owners and breeders during that calendar year shall be subject to an administrative fine in an amount equal to double the amount of the underpayment. Within 60 days after the end of the calendar year, each permitholder shall be required to file with the division an audited accounting reflecting the receipt and payment of all sums received and collected for payment to owners and breeders.

(6)(a) The takeout may be used for the payment of awards to owners of registered Florida-bred horses placing first in a claiming race, an allowance race, a maiden special race, or a stakes race in which the announced purse, exclusive of entry and starting fees and added moneys, does not exceed \$40,000 or such higher amount as may be agreed to in writing between the permitholder and the Florida Horseman's Benevolent and Protective Association, which agreement shall be filed with the division.

Section 22. Section 550.401, Florida Statutes, is created to read:

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

purse payments are made pursuant to the provisions of s. 1 2 550.26315. Section 23. Subsections (3) and (4) of section 3 4 550.615, Florida Statutes, are amended to read: 5 550.615 Intertrack wagering.--6 (3)(a) If a permitholder who operates as a video 7 lottery retailer as defined in s. 24.103 elects to broadcast 8 its signal to any permitholder in this state, any 9 permitholder, not located within 25 miles of the host track, that is eligible to conduct intertrack wagering under the 10 provisions of ss. 550.615-550.6345 is entitled to receive the 11 12 broadcast and conduct intertrack wagering under this section; 13 provided, however, that the host track may require a guest 14 track within 25 miles of another permitholder to receive in 15 any week at least 60 percent of the live races that the host 16 track is making available on the days that the guest track is otherwise operating live races or games. A host track may 17 require a guest track not operating live races or games and 18 19 within 25 miles of another permitholder to accept within any 20 week at least 60 percent of the live races that the host track is making available. A permitholder may, pursuant to a written 21 22 contract, elect to broadcast its signal to any permitholder in this state located within 25 miles of the host track, provided 23 24 that where a thoroughbred permitholder is the host track, any 25 such contract must be approved by the Florida Horseman's 26 Benevolent and Protective Association. A person may not 27 restrain or attempt to restrain any permitholder that is 28 otherwise authorized to conduct intertrack wagering from receiving the signal of any other permitholder or sending its 29 signal to any permitholder. 30 31

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- (b) If a permitholder who does not operate as a video lottery retailer as defined in s. 24.103 elects to broadcast its signal to any permitholder in this state, any permitholder that is eligible to conduct intertrack wagering under the provisions of ss. 550.615-550.6345 is entitled to receive the broadcast and conduct intertrack wagering under this section; provided, however, that the host track may require a guest track within 25 miles of another permitholder to receive in any week at least 60 percent of the live races that the host track is making available on the days that the guest track is otherwise operating live races or games. A host track may require a guest track not operating live races or games and within 25 miles of another permitholder to accept within any week at least 60 percent of the live races that the host track is making available. A person may not restrain or attempt to restrain any permitholder that is otherwise authorized to conduct intertrack wagering from receiving the signal of any other permitholder or sending its signal to any permitholder.
- (4) In no event shall any intertrack wager be accepted on the same class of live or simulcast races or games of any permitholder without the written consent of such operating permitholders conducting the same class of live or simulcast races or games if the guest track is within the market area of such operating permitholder.

Section 24. Paragraph (g) of subsection (9) of section 550.6305, Florida Statutes, is amended to read:

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

(9) A host track that has contracted with an out-of-state horse track to broadcast live races conducted at 31 such out-of-state horse track pursuant to s. 550.3551(5) may

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broadcast such out-of-state races to any guest track and accept wagers thereon in the same manner as is provided in s. 550.3551.

- (g)1. Any thoroughbred permitholder which accepts wagers on a simulcast signal must make the signal available to any permitholder that is located more than 25 miles from where the permitholder providing the signal is located and that is eligible to conduct intertrack wagering under the provisions of ss. 550.615-550.6345.
- 2. Any thoroughbred permitholder which accepts wagers on a simulcast signal received after 6 p.m. must make such signal available to any permitholder that is eligible to conduct intertrack wagering under the provisions of ss. 550.615-550.6345, including any permitholder located as specified in s. 550.615(6). Such guest permitholders are authorized to accept wagers on such simulcast signal, notwithstanding any other provision of this chapter to the contrary.
- Any thoroughbred permitholder which accepts wagers on a simulcast signal received after 6 p.m. must make such signal available to any permitholder that is eligible to conduct intertrack wagering under the provisions of ss. 550.615-550.6345, including any permitholder located as specified in s. 550.615(9). Such guest permitholders are authorized to accept wagers on such simulcast signals for a number of performances not to exceed that which constitutes a full schedule of live races for a quarter horse permitholder pursuant to s. 550.002(11), notwithstanding any other provision of this chapter to the contrary, except that the restrictions provided in s. 550.615(9)(a) apply to wagers on 31 | such simulcast signals.

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

Section 25. Subsection (6) is added to section 550.6308, Florida Statutes, to read:

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

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

Section 26. Subsection (5) of section 565.02, Florida Statutes, is amended to read:

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

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

Section 27. Compulsive gambling program.--The Alcohol, Drug Abuse, and Mental Health Program Office within the Department of Children and Family Services shall establish a program for public education, awareness, and training regarding problem and compulsive gambling and the treatment and prevention of problem and compulsive gambling. The program shall include:

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

1	(2) The promotion of public awareness regarding the
2	recognition and prevention of problem or compulsive gambling.
3	(3) Facilitation, through inservice training and other
4	means, of the availability of effective assistance programs
5	for problem and compulsive gamblers, of all ages, and family
6	members affected by problem and compulsive gambling.
7	(4) Studies to identify adults and juveniles in this
8	state who are, or who are at risk of becoming, problem or
9	compulsive gamblers.
10	Section 28. This act shall take effect upon becoming a
11	law, if House Bill , House Bill , and
12	House Bill , or similar legislation is adopted in the same
13	legislative session or an extension thereof and becomes law.
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16	HOUSE SUMMARY
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18	Provides for the establishment and operation of video lottery games to be conducted at pari-mutuel facilities
19	and the allocation of revenues from the games to the Video Lottery Administrative Trust Fund of the Department
20	of the Lottery for transfer to the Public Education Capital Outlay and Debt Service Trust Fund, to the Grants
21	and Donations Trust Fund of the Department of Elderly Affairs, to the Administrative Trust Fund of the
22	department, to the Video Lottery Purse Trust Fund of the Department of Business and Professional Regulation, and
23	to the Department of Children and Family Services. Provides additional funds for pari-mutuel purses. Changes regulation of intertrack wagering. See bill for details.
24	regulation of intertrack wagering. See bill for details.
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