

By the Committee on Regulated Industries; and Senators Diaz de la Portilla and Geller

315-2003-03

1                                   A bill to be entitled  
2           An act relating to video lotteries; amending s.  
3           24.103, F.S.; providing definitions; amending  
4           s. 24.105, F.S.; providing powers and duties of  
5           the Department of the Lottery pertaining to  
6           video lottery games; creating s. 24.125, F.S.;  
7           providing for the adoption of rules; creating  
8           s. 24.126, F.S.; prohibiting certain persons  
9           from playing video lottery games; creating s.  
10          24.127, F.S.; providing requirements for the  
11          operation of video lottery games; providing a  
12          payout percentage; providing for distribution  
13          of income; providing for weekly allocations;  
14          providing penalties; creating s. 24.128, F.S.;  
15          providing for the licensure of video lottery  
16          terminal vendors; creating s. 24.129, F.S.;  
17          prohibiting certain local zoning ordinances;  
18          creating s. 24.130, F.S.; providing  
19          requirements for video lottery terminals;  
20          creating s. 24.131, F.S.; requiring video  
21          lottery terminal vendors to establish training  
22          programs for employees who service such  
23          terminals; requiring departmental approval of  
24          such programs; providing certification  
25          requirements for such employees; providing for  
26          the adoption of rules; creating s. 24.132,  
27          F.S.; providing for distribution of proceeds  
28          from the Video Lottery Purse Trust Fund;  
29          providing for the adoption of rules; creating  
30          s. 24.133, F.S.; requiring operators of  
31          facilities where video lottery games are

1 conducted to post certain warning signs  
2 regarding compulsive gambling; amending s.  
3 212.02, F.S.; excluding video lottery terminals  
4 from the definition of "coin-operated amusement  
5 machine" for purposes of the sales and use tax;  
6 creating s. 24.134, F.S.; establishing programs  
7 for compulsive gambling within the Department  
8 of Children and Family Services; creating s.  
9 24.136, F.S.; authorizing a caterer's license  
10 for video lottery retailers; providing an  
11 effective date.

12  
13 Be It Enacted by the Legislature of the State of Florida:

14  
15 Section 1. Subsections (7), (8), (9), (10), and (11)  
16 are added to section 24.103, Florida Statutes, to read:

17 24.103 Definitions.--As used in this act:

18 (7) "Video lottery game" means an electronically  
19 simulated game involving any element of chance, skill, or  
20 both, played on a video lottery terminal that, upon insertion  
21 of currency, coins, tokens, credits, vouchers, or anything of  
22 value, is available to play or simulate a lottery-type game.  
23 The games include, but are not limited to, line-up games,  
24 traditional card games, poker, and progressive games where the  
25 jackpot grows and accumulates as it is being played in a video  
26 lottery terminal, or network of video lottery terminals, using  
27 a cathode ray tube, video display screen, and or  
28 microprocessors, or other similar technology available now or  
29 in the future, as approved by the department. A player may  
30 receive a payoff in the form of currency, coins, tokens,

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1 credits, vouchers, or anything of value either automatically  
2 or in some other manner.

3 (8) "Video lottery terminal" means a machine or device  
4 upon which a "video lottery game" is played or operated. A  
5 video lottery terminal may use spinning reels or video  
6 displays or other similar technology available now or in the  
7 future, as approved by the department.

8 (9) "Video lottery terminal vendor" means any person  
9 licensed by the department who engages in the business of  
10 selling, leasing, servicing, repairing, or upgrading video  
11 lottery terminals for video lottery retailers or who provides  
12 to the department or to a video lottery retailer computer  
13 equipment, software, or other functions related to video  
14 lottery terminals.

15 (10) "Net terminal income" means currency and other  
16 consideration placed into a video lottery terminal, less  
17 payouts to or credits redeemed by players.

18 (11) "Video lottery retailer" means any pari-mutuel  
19 permitholder under chapter 550 who:

20 (a) Conducted a full schedule of live races or games,  
21 as described in ss. 550.002(11) and 550.475, between July 1,  
22 2000 and June 30, 2001; or

23 (b) Is authorized to receive broadcasts of horse races  
24 under s. 550.6308.

25 Section 2. Subsections (21), (22), (23), (24), (25),  
26 and (26) are added to section 24.105, Florida Statutes, to  
27 read:

28 24.105 Powers and duties of department. The department  
29 shall:

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1           (21) Have in place the capacity to support video  
2 lottery games at facilities of video lottery retailers by  
3 October 1, 2003.

4           (22) Hear and decide promptly and in reasonable order  
5 all video lottery related license applications and enforcement  
6 proceedings for suspension or revocation of licenses.

7           (23) Collect and disburse video lottery revenue due  
8 the department as described in this chapter.

9           (24) Certify net terminal income of video lottery  
10 retailers by inspecting records, conducting audits, or any  
11 other reasonable means.

12           (25) Maintain a list of licensed video lottery  
13 terminal vendors and a current list of all contracts between  
14 video lottery terminal vendors and video lottery retailers.

15           (26) Approve an application for a video lottery  
16 retailer within 30 days after receipt of the application. Any  
17 person holding a pari-mutuel permit who has been licensed  
18 pursuant to chapter 550 and meets the definition of a video  
19 lottery retailer under s. 24.103(11) shall be deemed to have  
20 met all qualifications of licensure under this section.

21           Section 3. Section 24.125, Florida Statutes, is  
22 created to read:

23           24.125 Rules authorized.--

24           (1) The department may adopt rules relating to:

25           (a) The regulation of video lottery retailers and  
26 video lottery products, which shall include, but not be  
27 limited to, provisions that ensure that video lottery  
28 terminals are operated only by persons at least 18 years of  
29 age.

30           (b) Specifications for video lottery terminals to be  
31 approved and authorized as the department deems necessary in

1 order to maintain the integrity of video lottery games and  
2 terminals. The specifications shall not limit the number of  
3 video lottery terminal vendors who supply terminals to fewer  
4 than four.

5 (c) The regulation of video lottery terminal vendors.

6 (2) Initial rules sufficient to permit the operation  
7 of video lotteries and the licensing of video lottery vendors  
8 shall be adopted by July 1, 2003. The department may adopt  
9 emergency rules under s. 120.536(1) and s. 120.58(4) to  
10 implement the provisions of this section.

11 Section 4. Section 24.126, Florida Statutes, is  
12 created to read:

13 24.126 Video lottery; minimum age.--

14 (1) A person who is younger than 18 years of age may  
15 not play a video lottery game.

16 (2) Each video lottery retailer shall post a clear and  
17 conspicuous sign on all video lottery terminals which states:

18  
19 THE USE OF A VIDEO LOTTERY TERMINAL BY PERSONS  
20 UNDER THE AGE OF 18 IS AGAINST FLORIDA LAW.  
21 PROOF OF AGE IS REQUIRED FOR USE.

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23 (3) Any person who violates this section commits a  
24 misdemeanor of the second degree, punishable as provided in s.  
25 775.082 or s. 775.083.

26 Section 5. Section 24.127, Florida Statutes, is  
27 created to read:

28 24.127 Video lottery games.--

29 (1) Video lottery games shall be offered by a video  
30 lottery retailer only at its pari-mutuel facility at any time.  
31 During any calendar year in which a video lottery retailer

1 maintains video lottery terminals, the retailer must have  
2 conducted in the prior year a full schedule of live racing or  
3 games, as defined in s. 550.002(11), including the conduct of  
4 such races or games under s. 550.475, or be authorized to  
5 receive broadcasts of horse races under s. 550.6308. The  
6 department shall waive such requirements upon a showing that  
7 the failure to conduct such races or games resulted from a  
8 natural disaster or other acts beyond the control of the  
9 permitholder. Such failure shall include any legal  
10 restrictions or prohibitions placed on the permitholder's  
11 activities. If the retailer for any other reason fails to  
12 comply with the requirement to conduct a full schedule of  
13 races or games, the department shall order the retailer to  
14 suspend its video lottery operation. The department may  
15 assess an administrative fine, not to exceed \$5,000 per video  
16 lottery terminal per day, against any retailer who fails to  
17 suspend its video lottery operation when ordered by the  
18 department. The department may enforce a suspension order or  
19 any administrative fine as provided in s. 120.69. Each video  
20 lottery retailer shall post a bond payable to the state in an  
21 amount determined by the department which is sufficient to  
22 guarantee the payment of revenue due in any payment period.

23 (2) Each video lottery terminal retailer shall  
24 determine the following pertaining to the video lottery  
25 terminals located on its premises:  
26 (a) Number of video lottery terminals;  
27 (b) Dates and hours during which the video lottery  
28 terminals are available for play;  
29 (c) Mix of games available for play on video lottery  
30 terminals;

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1           (d) Use of currency, coins, tokens, vouchers,  
2 electronic credits, or anything of value;

3           (e) Location and movement of video lottery terminals  
4 on the premises;

5           (f) Staffing of video lottery terminal operations on  
6 the premises; and

7           (g) Minimum and maximum betting amounts and the  
8 payout, based upon a suitable range, as determined by the  
9 video lottery retailer, with a minimum of 88 percent and a  
10 maximum of 95 percent of the amount of currency, coins,  
11 tokens, credits, vouchers, or anything of value put into a  
12 video lottery terminal. Upon 10 days' written notice to the  
13 department, the department may approve a greater payout  
14 percentage than 95 percent if the total annual payout is not  
15 greater than 95 percent.

16           (3) Each video lottery terminal retailer shall notify  
17 the department prior to commencing the initial operation of  
18 the video lottery games.

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

24           (5) Video lottery games may be played at an authorized  
25 video lottery retailer's facility, regardless of whether the  
26 retailer is conducting a pari-mutuel event.

27           (6) Income derived from video lottery operations is  
28 not subject to s. 24.121. The allocation of net terminal  
29 income derived from video lottery games shall be as follows:  
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1       (a) Forty-two percent shall be remitted to the Video  
2 Lottery Administration Trust Fund for transfer to the  
3 Education Enhancement Trust Fund.

4       (b) Seventy-five hundredths percent shall be remitted  
5 to the Video Lottery Administrative Trust Fund for transfer to  
6 the Administrative Trust Fund. Twenty-five percent of the  
7 0.75 percent, with a cap not to exceed 5 million dollars per  
8 year, shall be transferred to the Department of Children and  
9 Family Services for the establishment and administration of a  
10 treatment program for compulsive gambling.

11       (c) Fifty-seven and twenty-five hundredths percent  
12 shall be retained by the video lottery retailer as  
13 compensation, and of that amount:

14           1. Four and twenty-five hundredths percent of the  
15 retailer's net terminal income shall be distributed by the  
16 video lottery retailer as purses for live performances  
17 conducted as a part of the video lottery retailer's  
18 pari-mutuel meet in accordance with the provisions of chapter  
19 550; however, if the video lottery retailer holds a license  
20 pursuant to s. 550.06308, the 4.25 percent shall be  
21 distributed as thoroughbred breeders' awards and stallion  
22 awards and awards to owners of registered Florida-bred  
23 thoroughbred horses under ss. 550.26165 and 550.2625(3),  
24 subject to the fee provided in s. 550.2625(3).

25           2. Four percent of the retailer's net terminal income  
26 shall be remitted to the Video Lottery Administrative Trust  
27 Fund for transfer to the Video Lottery Purse Trust Fund, to be  
28 distributed pursuant to s. 24.132.

29       (7) The allocation provided in subsection (6) shall be  
30 made weekly. Amounts allocated pursuant to paragraphs (6)(a)  
31 and (b) shall be remitted to the department by electronic



1 transfer within 24 hours after the allocation is determined.  
2 If live meets were conducted by the video lottery retailer  
3 during the weekly period for which the allocation is made, the  
4 portion of the allocation to be distributed as purses under  
5 paragraph (6)(c) shall be paid as purses for those live meets.  
6 If no live meets were conducted at the pari-mutuel facility  
7 during the weekly period for which the allocation is made, the  
8 distribution of purse money shall be made during the next  
9 ensuing meet. Any interest income on funds required to be  
10 distributed under paragraph (6)(c) prior to distribution of  
11 the funds as purses shall be distributed by the video lottery  
12 retailer as purses for live performances conducted at the  
13 video lottery retailer's pari-mutuel facility or a facility  
14 authorized under s. 550.475.

15 (8) Any person who intentionally manipulates or  
16 attempts to manipulate the outcome, payoff, or operation of a  
17 video lottery terminal by physical or electronic tampering or  
18 other means commits a felony of the third degree, punishable  
19 as provided in s. 775.082, s. 775.083, or s. 775.084.

20 (9) Notwithstanding s. 24.115, each video lottery  
21 retailer is responsible for payment of video lottery prizes.

22 (10) In the area or room in a facility in which a  
23 video lottery terminal is placed, the video lottery retailer  
24 shall also place video monitors displaying live races or games  
25 being conducted in that facility. If no live races or games  
26 are being conducted at the facility, any simulcast races or  
27 games that are displayed otherwise in the facility shall be  
28 displayed. In each area or room, the retailer shall also  
29 provide a means by which patrons may wager on pari-mutuel  
30 activity.

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1           Section 6. Section 24.128, Florida Statutes, is  
2 created to read:

3           24.128 Licensure of video lottery terminal  
4 vendors.--Video lottery terminal vendors shall be licensed by  
5 the department by July 1, 2003. The department may adopt  
6 emergency rules under s. 120.536(1) and s. 120.54(4) to  
7 implement the provisions of this section. The department may  
8 not license any person as a video lottery terminal vendor who  
9 has an interest in a video lottery retailer or a business  
10 relationship with a video lottery retailer other than as a  
11 vendor or lessor of video lottery terminals.

12           Section 7. Section 24.129, Florida Statutes, is  
13 created to read:

14           24.129 Local zoning of pari-mutuel facilities.--The  
15 installation, operation, or use of a video lottery on any  
16 property where pari-mutuel operations were or would have been  
17 lawful under any county or municipal zoning ordinance on July  
18 1, 2002, does not change the character of the use of such  
19 property and may not be prohibited by any local land use or  
20 zoning ordinance.

21           Section 8. Section 24.130, Florida Statutes, is  
22 created to read:

23           24.130 Video lottery terminals.--  
24           (1) Video lottery terminals may not be offered for use  
25 or play in this state unless approved by the department.  
26           (2) Each video lottery terminal approved for use in  
27 this state shall:  
28           (a) Be protected against manipulation to affect the  
29 random probabilities of winning plays.  
30           (b) Have one or more mechanisms that accepts currency,  
31 coins, tokens, vouchers, or anything of value in exchange for

1 game credits. Such mechanisms must be designed to prevent  
2 players from obtaining currency, coins, tokens, vouchers, or  
3 anything of value, or from obtaining game credits, by means of  
4 physical tampering.

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

7 (d) Be capable of being linked to a central computer  
8 communications system to audit the operation, financial data,  
9 and program information, as required by the department.

10 Section 9. Section 24.131, Florida Statutes, is  
11 created to read:

12 24.131 Video lottery terminal training program.--

13 (1) Each licensed video lottery terminal vendor shall  
14 submit a training program for the service and maintenance of  
15 such terminals and equipment for approval by the department.  
16 The training program must include an outline of the training  
17 curriculum; a list of instructors and their qualifications; a  
18 copy of the instructional materials; and the dates, times, and  
19 location of training classes. A service and maintenance  
20 program may not be held unless approved by the department.

21 (2) Each video lottery terminal service employee must  
22 complete the requirements of the manufacturer's training  
23 program before performing service, maintenance, or repairs on  
24 video lottery terminals or associated equipment. Upon the  
25 successful completion of the training program by an employee,  
26 the department shall issue a certificate authorizing such  
27 employee to service, maintain, and repair video lottery  
28 terminals and associated equipment. A certificate of  
29 completion may not be issued to a person until the department  
30 determines that such person has completed the required  
31 training. Before being certified as a video lottery terminal

1 service employee, a person must pass a background  
2 investigation conducted by the department. The department may  
3 revoke certification upon finding a person 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.

8 Section 10. Section 24.132, Florida Statutes, is  
9 created to read:

10 24.132 Administration of the Video Lottery Purse Trust  
11 Fund.--

12 (1) The proceeds of the Video Lottery Purse Trust Fund  
13 shall be distributed to pari-mutuel permitholders to be  
14 distributed as purses at their respective pari-mutuel  
15 facilities as follows:

16 (a) Fifty-eight percent shall be paid to holders of  
17 valid thoroughbred racing permits.

18 (b) Eight percent shall be paid to holders of valid  
19 harness racing permits.

20 (c) Seven percent shall be paid to holders of valid  
21 jai alai permits.

22 (d) Twenty-seven percent shall be paid to holders of  
23 valid greyhound racing permits.

24 (2) Distributions to permitholders under subsection  
25 (1) shall be determined by dividing the amounts paid in purses  
26 during the 2000-2001 fiscal year by the amount of purses by  
27 those permitholders paid by all permitholders of the same  
28 class of permits statewide during the 2000-2001 fiscal year.

29 (3) All proceeds distributed under this section are in  
30 addition to and supplement the other funds set forth in this  
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1 chapter and under chapter 550 for use as purses, awards, and,  
2 in the case of jai alai, player compensation.

3 (4) Of amounts to be distributed pursuant to this  
4 section and s. 24.127(6)(c)1. to persons holding valid harness  
5 racing permits, 10 percent of such sums shall be distributed  
6 for payment of breeders' awards, stallion awards, and stallion  
7 stakes, and for additional expenditures, including, but not  
8 limited to, medical, dental, surgical, life, funeral, and  
9 disability insurance and retirement benefits for occupational  
10 licensees who work at tracks in this state in which harness  
11 horse races are conducted pursuant to ss. 550.26165 and  
12 550.2625, subject to the fee provided in s. 550.2625(4).

13 (5) Of the amounts to be distributed pursuant to this  
14 section and s. 24.127(6)(c)2. to persons holding valid  
15 thoroughbred racing permits, 10 percent of such sums shall be  
16 distributed as thoroughbred breeders' awards and stallion  
17 awards and awards to owners of registered Florida-bred  
18 thoroughbred horses pursuant to ss. 550.26165 and 550.2625(3),  
19 subject to the fee provided in s. 550.2625(3).

20 (6) The department may adopt rules to provide for the  
21 equitable distribution of funds by permitholders for purses,  
22 awards, or jai alai player compensation.

23 Section 11. Section 24.133, Florida Statutes, is  
24 created to read:

25 24.133 Notice of availability of assistance for  
26 compulsive gambling required.--

27 (1) The owner of each facility at which video lottery  
28 games are conducted shall post signs with the statement:  
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1           "IF YOU OR SOMEONE YOU KNOW HAS A GAMBLING  
2           PROBLEM, HELP IS AVAILABLE, CALL  
3           1-800-426-7711."  
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5 The department may approve additional toll-free numbers to  
6 ensure compliance with this section. The signs must be posted  
7 within 50 feet of each entrance and within 60 feet of each  
8 credit location within the facility.

9           Section 12. Subsection (24) of section 212.02, Florida  
10 Statutes, is amended to read:

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

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

24           Section 13. Section 24.134, Florida Statutes, is  
25 created to read:

26           24.134 Compulsive gambling program.--The Mental  
27 Health Program Office within the Department of Children and  
28 Family Services shall establish a program for public  
29 education, awareness, and training regarding problem and  
30 compulsive gambling and the treatment and prevention of  
31 problem and compulsive gambling. The program shall include:

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

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

8           (3) Facilitation, through in-service training and  
9 other means, of the availability of effective assistance  
10 programs for problem and compulsive gamblers and family  
11 members affected by problem and compulsive gambling.

12           (4) Studies to identify adults and juveniles in this  
13 state who are or are at risk of becoming problem or compulsive  
14 gamblers.

15           Section 14. Section 24.136, Florida Statutes, is  
16 created to read:

17           24.136 Licensure of video lottery retailer.--A video  
18 lottery retailer is entitled to a caterer's license pursuant  
19 to the provisions of s. 565.02 on days in which the  
20 pari-mutuel facility is open to the public for the purpose of  
21 video lottery play as authorized by this chapter.

22           Section 15. This act shall take effect upon becoming a  
23 law.

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1 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN  
2 COMMITTEE SUBSTITUTE FOR  
3 SB 1920

4 The Committee Substitute defines essential components of the  
5 video lottery including, games, terminal, vendor, net terminal  
6 income, and retailer. It provides that the Department of the  
7 Lottery must have Video Lottery Terminals in place by October  
8 1, 2003. It provides for duties of the department in  
9 regulating video lottery licensees and collecting revenue. It  
10 provides for emergency rulemaking on the regulation of the  
11 retailers, specifications for terminals, and the regulation of  
12 vendors. It provides for minimum age of 18 to operate video  
13 games and the placing of appropriate signage.

14 The Committee Substitute provides for the location of  
15 operation for video lottery games to be at the retailer's  
16 pari-mutuel facility. The retailer must have conducted a full  
17 schedule of live racing or games in the prior year or be  
18 authorized to receive broadcasts of horse races. It gives the  
19 department authority to suspend and fine any noncompliant  
20 retailer and gives the retailer authority to determine the  
21 number of terminals, dates and hours of play, mix of games  
22 available, utilization of the type of currency, location and  
23 movement of terminals on the premises, staffing, minimum and  
24 maximum betting amounts with the range of 88% and 95%. The  
25 department may grant a greater payout percentage provided that  
26 the total annual payout of the facility is not greater than  
27 95%. It provides for the allocation of net terminal income  
28 with 42% going to Education, .75% going to the Administrative  
29 Trust Fund with 25% of the .75% going to the Department of  
30 Children and Families for a compulsive gambling program, and  
31 57.25% going for compensation for the permitholders less 8.25%  
of the net terminal incoming going for purses.

The Committee Substitute also provides for criminal penalties  
for intentional manipulation of the terminals. It provides  
for the licensure of video lottery terminal vendors. It also  
provides that a Video Lottery Terminal will not change the  
character of the pari-mutuel facility for local zoning  
purposes. It provides for requirements for the terminals. It  
provides for a terminal training program. It requires signage  
alerting contact for gambling problems. It provides for a  
cater's license when Video Lottery Terminals are operating.