

By the Committees on Finance and Taxation; Regulated Industries; and Senators Diaz de la Portilla and Geller

314-2450-03

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; providing for an annual
7 fee; providing for disposition of the fee;
8 creating s. 24.125, F.S.; providing for the
9 adoption of rules; creating s. 24.126, F.S.;
10 prohibiting certain persons from playing video
11 lottery games; creating s. 24.127, F.S.;
12 providing requirements for the operation of
13 video lottery games; providing a payout
14 percentage; providing for distribution of
15 income; providing for weekly allocations;
16 providing penalties; creating s. 24.128, F.S.;
17 providing for the licensure of video lottery
18 terminal vendors; creating s. 24.129, F.S.;
19 prohibiting certain local zoning ordinances;
20 creating s. 24.130, F.S.; providing
21 requirements for video lottery terminals;
22 creating s. 24.131, F.S.; requiring video
23 lottery terminal vendors to establish training
24 programs for employees who service such
25 terminals; requiring departmental approval of
26 such programs; providing certification
27 requirements for such employees; providing for
28 the adoption of rules; creating s. 24.132,
29 F.S.; providing for distribution of proceeds
30 from the Video Lottery Purse Trust Fund;
31 providing for the adoption of rules; creating

1 s. 24.133, F.S.; requiring operators of
2 facilities where video lottery games are
3 conducted to post certain warning signs
4 regarding compulsive gambling; amending s.
5 212.02, F.S.; excluding video lottery terminals
6 from the definition of "coin-operated amusement
7 machine" for purposes of the sales and use tax;
8 creating s. 24.134, F.S.; establishing programs
9 for compulsive gambling within the Department
10 of Children and Family Services; creating s.
11 24.136, F.S.; authorizing a caterer's license
12 for video lottery retailers; providing an
13 effective date.

14
15 Be It Enacted by the Legislature of the State of Florida:

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

19 24.103 Definitions.--As used in this act:

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

1 receive a payoff in the form of currency, coins, tokens,
2 credits, vouchers, or anything of value either automatically
3 or in some other manner.

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

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

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

19 (11) "Video lottery retailer" means any pari-mutuel
20 permitholder under chapter 550, who has paid the annual fee of
21 \$2 million pursuant to s. 24.105(27) who:

22 (a) Conducted a full schedule of live races or games,
23 as described in ss. 550.002(11) and 550.475, between July 1,
24 2000 and June 30, 2001;

25 (b) Applied for a pari-mutuel permit between January
26 1, 2003 and March 1, 2003, and has conducted a full schedule
27 of live races or games as described in s. 550.002(11); or

28 (c) Is authorized to receive broadcasts of horse races
29 under s. 550.6308.

30
31

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

4 24.105 Powers and duties of department. The department
5 shall:

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

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

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

14 (24) Certify net terminal income of video lottery
15 retailers by inspecting records, conducting audits, or any
16 other reasonable means.

17 (25) Maintain a list of licensed video lottery
18 terminal vendors and a current list of all contracts between
19 video lottery terminal vendors and video lottery retailers.

20 (26) Approve an application for a video lottery
21 retailer within 30 days after receipt of the application. Any
22 person holding a pari-mutuel permit who has been licensed
23 pursuant to chapter 550, meets the definition of a video
24 lottery retailer under s. 24.103(11), and has paid the fee
25 required in subsection (27), shall be deemed to have met all
26 qualifications of licensure under this section.

27 (27) Within 10 days after approval of the application,
28 the video lottery retailer shall pay to the department, a fee
29 of \$2 million and on every July 1, thereafter. The \$2 million
30 fee shall be deposited into the Education Enhancement Trust
31

1 Fund to be available to be bonded for school capital
2 facilities construction.

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

5 24.125 Rules authorized.--

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

7 (a) The regulation of video lottery retailers and
8 video lottery products, which shall include, but not be
9 limited to, provisions that ensure that video lottery
10 terminals are operated only by persons at least 18 years of
11 age.

12 (b) Specifications for video lottery terminals to be
13 approved and authorized as the department deems necessary in
14 order to maintain the integrity of video lottery games and
15 terminals. The specifications shall not limit the number of
16 video lottery terminal vendors who supply terminals to fewer
17 than four.

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

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

24 Section 4. Section 24.126, Florida Statutes, is
25 created to read:

26 24.126 Video lottery; minimum age.--

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

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

31

1 THE USE OF A VIDEO LOTTERY TERMINAL BY PERSONS
2 UNDER THE AGE OF 18 IS AGAINST FLORIDA LAW.
3 PROOF OF AGE IS REQUIRED FOR USE.

4
5 (3) Any person who violates this section commits a
6 misdemeanor of the second degree, punishable as provided in s.
7 775.082 or s. 775.083.

8 Section 5. Section 24.127, Florida Statutes, is
9 created to read:

10 24.127 Video lottery games.--

11 (1) Video lottery games shall be offered by a video
12 lottery retailer only at its pari-mutuel facility at any time.
13 During any calendar year in which a video lottery retailer
14 maintains video lottery terminals, the retailer must have
15 conducted in the prior year a full schedule of live racing or
16 games, as defined in s. 550.002(11), including the conduct of
17 such races or games under s. 550.475, or be authorized to
18 receive broadcasts of horse races under s. 550.6308. The
19 department shall waive such requirements upon a showing that
20 the failure to conduct such races or games resulted from a
21 natural disaster or other acts beyond the control of the
22 permitholder. Such failure shall include any legal
23 restrictions or prohibitions placed on the permitholder's
24 activities. If the retailer for any other reason fails to
25 comply with the requirement to conduct a full schedule of
26 races or games, the department shall order the retailer to
27 suspend its video lottery operation. The department may
28 assess an administrative fine, not to exceed \$5,000 per video
29 lottery terminal per day, against any retailer who fails to
30 suspend its video lottery operation when ordered by the
31 department. The department may enforce a suspension order or

1 any administrative fine as provided in s. 120.69. Each video
2 lottery retailer shall post a bond payable to the state in an
3 amount determined by the department which is sufficient to
4 guarantee the payment of revenue due in any payment period.

5 (2) Each video lottery terminal retailer shall
6 determine the following pertaining to the video lottery
7 terminals located on its premises:

8 (a) Number of video lottery terminals;

9 (b) Dates and hours during which the video lottery
10 terminals are available for play;

11 (c) Mix of games available for play on video lottery
12 terminals;

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

15 (e) Location and movement of video lottery terminals
16 on the premises;

17 (f) Staffing of video lottery terminal operations on
18 the premises; and

19 (g) Minimum and maximum betting amounts and the
20 payout, based upon a suitable range, as determined by the
21 video lottery retailer, with a minimum of 88 percent and a
22 maximum of 95 percent of the amount of currency, coins,
23 tokens, credits, vouchers, or anything of value put into a
24 video lottery terminal. Upon 10 days' written notice to the
25 department, the department may approve a greater payout
26 percentage than 95 percent if the total annual payout is not
27 greater than 95 percent.

28 (3) Each video lottery terminal retailer shall notify
29 the department prior to commencing the initial operation of
30 the video lottery games.

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

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

9 (6) 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) Forty-two percent shall be remitted to the Video
13 Lottery Administration Trust Fund for transfer to the
14 Education Enhancement Trust Fund. The \$2 million annual fee
15 paid by the permitholder pursuant to s. 24.105(27), shall be
16 credited back to the permitholder on a weekly basis out of the
17 Video Lottery Administrative Trust Fund until the total \$2
18 million is credited. However, weekly credits shall not exceed
19 \$100,000 per week per permitholder.

20 (b) Seventy-five hundredths percent shall be remitted
21 to the Video Lottery Administrative Trust Fund for transfer to
22 the Administrative Trust Fund. Twenty-five percent of the
23 0.75 percent, with a cap not to exceed 5 million dollars per
24 year, shall be transferred to the Department of Children and
25 Family Services for the establishment and administration of a
26 treatment program for compulsive gambling.

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

30 1. Four and twenty-five hundredths percent of the
31 retailer's net terminal income shall be distributed by the

1 video lottery retailer as purses for live performances
2 conducted as a part of the video lottery retailer's
3 pari-mutuel meet in accordance with the provisions of chapter
4 550; however, if the video lottery retailer holds a license
5 pursuant to s. 550.06308, the 4.25 percent shall be
6 distributed as thoroughbred breeders' awards and stallion
7 awards and awards to owners of registered Florida-bred
8 thoroughbred horses under ss. 550.26165 and 550.2625(3),
9 subject to the fee provided in s. 550.2625(3).

10 2. Four percent of the retailer's net terminal income
11 shall be remitted to the Video Lottery Administrative Trust
12 Fund for transfer to the Video Lottery Purse Trust Fund, to be
13 distributed pursuant to s. 24.132.

14 (7) The allocation provided in subsection (6) shall be
15 made weekly. Amounts allocated pursuant to paragraphs (6)(a)
16 and (b) shall be remitted to the department by electronic
17 transfer within 24 hours after the allocation is determined.
18 If live meets were conducted by the video lottery retailer
19 during the weekly period for which the allocation is made, the
20 portion of the allocation to be distributed as purses under
21 paragraph (6)(c) shall be paid as purses for those live meets.
22 If no live meets were conducted at the pari-mutuel facility
23 during the weekly period for which the allocation is made, the
24 distribution of purse money shall be made during the next
25 ensuing meet. Any interest income on funds required to be
26 distributed under paragraph (6)(c) prior to distribution of
27 the funds as purses shall be distributed by the video lottery
28 retailer as purses for live performances conducted at the
29 video lottery retailer's pari-mutuel facility or a facility
30 authorized under s. 550.475.

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

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

8 (10) In the area or room in a facility in which a
9 video lottery terminal is placed, the video lottery retailer
10 shall also place video monitors displaying live races or games
11 being conducted in that facility. If no live races or games
12 are being conducted at the facility, any simulcast races or
13 games that are displayed otherwise in the facility shall be
14 displayed. In each area or room, the retailer shall also
15 provide a means by which patrons may wager on pari-mutuel
16 activity.

17 Section 6. Section 24.128, Florida Statutes, is
18 created to read:

19 24.128 Licensure of video lottery terminal
20 vendors.--Video lottery terminal vendors shall be licensed by
21 the department by July 1, 2003. The department may adopt
22 emergency rules under s. 120.536(1) and s. 120.54(4) to
23 implement the provisions of this section. The department may
24 not license any person as a video lottery terminal vendor who
25 has an interest in a video lottery retailer or a business
26 relationship with a video lottery retailer other than as a
27 vendor or lessor of video lottery terminals.

28 Section 7. Section 24.129, Florida Statutes, is
29 created to read:

30 24.129 Local zoning of pari-mutuel facilities.--The
31 installation, operation, or use of a video lottery on any

1 property where pari-mutuel operations were or would have been
2 lawful under any county or municipal zoning ordinance on July
3 1, 2002, does not change the character of the use of such
4 property and may not be prohibited by any local land use or
5 zoning ordinance.

6 Section 8. Section 24.130, Florida Statutes, is
7 created to read:

8 24.130 Video lottery terminals.--

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

11 (2) Each video lottery terminal approved for use in
12 this state shall:

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

15 (b) Have one or more mechanisms that accepts currency,
16 coins, tokens, vouchers, or anything of value in exchange for
17 game credits. Such mechanisms must be designed to prevent
18 players from obtaining currency, coins, tokens, vouchers, or
19 anything of value, or from obtaining game credits, by means of
20 physical tampering.

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

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

26 Section 9. Section 24.131, Florida Statutes, is
27 created to read:

28 24.131 Video lottery terminal training program.--

29 (1) Each licensed video lottery terminal vendor shall
30 submit a training program for the service and maintenance of
31 such terminals and equipment for approval by the department.

1 The training program must include an outline of the training
2 curriculum; a list of instructors and their qualifications; a
3 copy of the instructional materials; and the dates, times, and
4 location of training classes. A service and maintenance
5 program may not be held unless approved by the department.

6 (2) Each video lottery terminal service employee must
7 complete the requirements of the manufacturer's training
8 program before performing service, maintenance, or repairs on
9 video lottery terminals or associated equipment. Upon the
10 successful completion of the training program by an employee,
11 the department shall issue a certificate authorizing such
12 employee to service, maintain, and repair video lottery
13 terminals and associated equipment. A certificate of
14 completion may not be issued to a person until the department
15 determines that such person has completed the required
16 training. Before being certified as a video lottery terminal
17 service employee, a person must pass a background
18 investigation conducted by the department. The department may
19 revoke certification upon finding a person in violation of any
20 provision of this chapter or a department rule.

21 (3) The department may adopt rules regarding the
22 training, qualifications, and certification of video lottery
23 terminal service employees.

24 Section 10. Section 24.132, Florida Statutes, is
25 created to read:

26 24.132 Administration of the Video Lottery Purse Trust
27 Fund.--

28 (1) The proceeds of the Video Lottery Purse Trust Fund
29 shall be distributed to pari-mutuel permitholders to be
30 distributed as purses at their respective pari-mutuel
31 facilities as follows:

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

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

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

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

9 (2) Distributions to permitholders under subsection
10 (1) shall be determined by dividing the amounts paid in purses
11 during the previous fiscal year by the amount of purses by
12 those permitholders paid by all permitholders of the same
13 class of permits statewide during the previous fiscal year.

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

18 (4) Of amounts to be distributed pursuant to this
19 section and s. 24.127(6)(c)1. to persons holding valid harness
20 racing permits, 10 percent of such sums shall be distributed
21 for payment of breeders' awards, stallion awards, and stallion
22 stakes, and for additional expenditures, including, but not
23 limited to, medical, dental, surgical, life, funeral, and
24 disability insurance and retirement benefits for occupational
25 licensees who work at tracks in this state in which harness
26 horse races are conducted pursuant to ss. 550.26165 and
27 550.2625, subject to the fee provided in s. 550.2625(4).

28 (5) Of the amounts to be distributed pursuant to this
29 section and s. 24.127(6)(c)2. to persons holding valid
30 thoroughbred racing permits, 10 percent of such sums shall be
31 distributed as thoroughbred breeders' awards and stallion

1 awards and awards to owners of registered Florida-bred
2 thoroughbred horses pursuant to ss. 550.26165 and 550.2625(3),
3 subject to the fee provided in s. 550.2625(3).

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

7 Section 11. Section 24.133, Florida Statutes, is
8 created to read:

9 24.133 Notice of availability of assistance for
10 compulsive gambling required.--

11 (1) The owner of each facility at which video lottery
12 games are conducted shall post signs with the statement:

13
14 "IF YOU OR SOMEONE YOU KNOW HAS A GAMBLING
15 PROBLEM, HELP IS AVAILABLE, CALL
16 1-800-426-7711."

17
18 The department may approve additional toll-free numbers to
19 ensure compliance with this section. The signs must be posted
20 within 50 feet of each entrance and within 60 feet of each
21 credit location within the facility.

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

24 212.02 Definitions.--The following terms and phrases
25 when used in this chapter have the meanings ascribed to them
26 in this section, except where the context clearly indicates a
27 different meaning:

28 (24) "Coin-operated amusement machine" means any
29 machine operated by coin, slug, token, coupon, or similar
30 device for the purposes of entertainment or amusement. The
31 term includes, but is not limited to, coin-operated pinball

1 machines, music machines, juke boxes, mechanical games, video
2 games, arcade games, billiard tables, moving picture viewers,
3 shooting galleries, and all other similar amusement devices.
4 However, the term does not include a video lottery terminal
5 operated pursuant to chapter 24.

6 Section 13. Section 24.134, Florida Statutes, is
7 created to read:

8 24.134 Compulsive gambling program.--The Mental
9 Health Program Office within the Department of Children and
10 Family Services shall establish a program for public
11 education, awareness, and training regarding problem and
12 compulsive gambling and the treatment and prevention of
13 problem and compulsive gambling. The program shall include:

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

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

21 (3) Facilitation, through in-service training and
22 other means, of the availability of effective assistance
23 programs for problem and compulsive gamblers and family
24 members affected by problem and compulsive gambling.

25 (4) Studies to identify adults and juveniles in this
26 state who are or are at risk of becoming problem or compulsive
27 gamblers.

28 Section 14. Section 24.136, Florida Statutes, is
29 created to read:

30 24.136 Licensure of video lottery retailer.--A video
31 lottery retailer is entitled to a caterer's license pursuant

1 to the provisions of s. 565.02 on days in which the
2 pari-mutuel facility is open to the public for the purpose of
3 video lottery play as authorized by this chapter.

4 Section 15. This act shall take effect upon becoming a
5 law.

6
7 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
8 COMMITTEE SUBSTITUTE FOR
9 CS/SB 1920

10 The committee substitute requires pari-mutuel permitholders to
11 pay an annual \$2 million fee in order to be a video lottery
12 retailer. The \$2 million fee shall be deposited into the
13 Educational Enhancement Trust Fund and be available to be
14 bonded for school capital facilities construction.

15 The \$2 million annual fee shall be credited back to the
16 permitholder out of the Video Lottery Administration Trust
17 Fund on a weekly basis until the total \$2 million is credited.
18 However, weekly credits may not exceed \$100,000 per week, per
19 permitholder.

20 The committee substitute will allow a pari-mutual permitholder
21 who applied for a pari-mutual permit between January 1, 2003
22 and March 1, 2003, and has conducted a full schedule of live
23 races or games to apply to be a video lottery retailer once
24 they become a pari-mutuel permit holder.
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