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A bill to be entitled An act relating to video lotteries; amending s. 24.103, F.S.; providing definitions; amending s. 24.105, F.S.; providing powers and duties of the Department of the Lottery pertaining to video lottery games; creating s. 24.125, F.S.; providing for the adoption of rules; creating s. 24.126, F.S.; prohibiting certain persons from playing video lottery games; providing penalties; creating s. 24.127, F.S.; providing requirements for the operation of video lottery games; providing penalties; providing for the adoption of rules; providing for the distribution of proceeds from such games; creating s. 24.128, F.S.; providing for the licensure of video lottery terminal vendors; creating s. 24.129, F.S.; prohibiting certain local zoning ordinances; creating s. 24.130, F.S.; providing requirements for video lottery terminals; creating s. 24.131, F.S.; requiring video lottery terminal vendors to establish training programs for employees who service such terminals; requiring departmental approval of such programs; providing certification requirements of such employees; providing for the adoption of rules; creating s. 24.132, F.S.; providing guidelines for administering the Video Lottery Purse Trust Fund; providing for the adoption of rules; creating s. 24.133, F.S., relating to the distribution of funds from the Video Lottery Thoroughbred Trust Fund; requiring certain uses of distributed funds; creating s. 24.134, F.S.; requiring operators of facilities where video lottery games are conducted to post certain warning signs and print warnings on daily racing programs regarding compulsive gambling;



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amending s. 212.02, F.S.; excluding video lottery terminals from the definition of "coin-operated amusement machine" for purposes of the sales and use tax; requiring the Alcohol, Drug Abuse, and Mental Health Program Office within the Department of Children and Family Services to establish a compulsive gambling program; providing for construction of the act in pari materia with laws enacted during the 2003 Regular Session or the 2003 Special Session A of the Legislature; providing an effective date.

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

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

24.103 Definitions. -- As used in this act:

(7) "Video lottery game" means an electronically simulated game involving any element of chance which is played on a video lottery terminal that, upon insertion of cash, tokens, credits, or vouchers, is available to play or simulate a lottery-type game, including line-up games using a video display and microprocessors and in which, by means of an element of chance, a 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 which is played on a video lottery terminal that, upon insertion of cash, tokens, credits, or vouchers, is available to play or simulate the play of traditional card games, including video poker, which uses a cathode ray tube or video display screen and microprocessors, and in which the player may win credits that can be redeemed for cash. "Video lottery game" also includes a progressive game,



or video displays.

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which is any game in which a jackpot grows and accumulates as it is being played on a video lottery terminal or a network of video lottery terminals, and in which the outcome is randomly determined by the play of video lottery terminals linked by a central network. A video lottery terminal may use spinning reels

- (8) "Video lottery terminal vendor" means any person approved by the department who provides the video lottery terminals to a video lottery retailer or provides computer equipment or software related to video lottery terminals to the department.
- (9) "Net terminal income" means currency or other consideration placed into a video lottery terminal, less credits redeemed by players.
- (10) "Video lottery retailer" means any person who possesses a pari-mutuel permit issued under chapter 550 on or before July 1, 2002, and who conducted a full schedule of live jai alai games or live greyhound, thoroughbred horse, or harness racing as defined in s. 550.002 in the prior calendar year, or any person who is authorized to receive broadcasts of horseraces under s. 550.6308. The term also includes a thoroughbred permitholder that failed to operate all performances under its license for 2002-2003, that has retained or regained its permit and license, and that conducts a full schedule of live racing as defined in s. 550.002.

Section 2. Subsections (21) through (26) are added to section 24.105, Florida Statutes, to read:

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



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

- (22) Hear and decide promptly and in reasonable order all license applications or proceedings for suspension or revocation of licenses.
- (23) Collect and disburse revenue due the department as described in this chapter.
- (24) Certify net terminal income by inspecting records, conducting audits, or any other reasonable means.
- (25) Provide a list of approved vendors and maintain a current list of all contracts between video lottery terminal vendors and video lottery retailers.
- (26) Approve or disapprove applications to operate as a video lottery retailer within 30 days after receipt of the application.
- Section 3. Section 24.125, Florida Statutes, is created to read:
- <u>24.125</u> Rules authorized.--The department may adopt rules relating to:
- (1) The regulation of video lottery retailers and video lottery products.
- (2) Specifications for video lottery terminals to be approved and authorized as the department considers 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 July 1, 2003. The department may not provide specifications that would result in reducing to fewer



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HB 0013B 2003 119 than four the number of video lottery terminal vendors who 120 supply terminals. 121 The licensure and regulation of video lottery terminal 122 vendors. The department may not approve as a video lottery 123 terminal vendor any person who has an interest in a video lottery retailer or a business relationship with a video lottery 124 125 retailer other than as a vendor or lessor of video lottery 126 terminals. 127 Section 4. Section 24.126, Florida Statutes, is created to 128 read: 129 24.126 Video lottery; minimum age. --130 (1) A person who is less than 18 years of age may not play 131 a video lottery game. 132 (2) Each video lottery retailer shall post a clear and 133 conspicuous sign on all video lottery terminals which states: 134 THE USE OF A VIDEO LOTTERY TERMINAL BY PERSONS UNDER THE AGE OF 18 IS AGAINST FLORIDA LAW. PROOF OF AGE IS REQUIRED FOR USE. 135 136 (3) Any person who violates this section commits a misdemeanor of the second degree, punishable as provided in s. 137 138 775.082 or s. 775.083. 139 Section 5. Section 24.127, Florida Statutes, is created to 140 read: 141 24.127 Video lottery games.--142 (1) Video lottery games may be offered by a video lottery 143 retailer only at its pari-mutuel facility. During any calendar 144 year in which a video lottery retailer maintains video lottery 145 terminals, the retailer must conduct a full schedule of live 146 racing or games as defined in s. 550.002 or be authorized to

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receive broadcasts of horseraces pursuant to s. 550.6308. The

department may waive such requirements upon a showing that the



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failure to conduct such games resulted from a natural disaster or other acts beyond the control of the permitholder. If the retailer fails to comply with the requirement to conduct a full schedule of races or games, the department shall order the retailer to suspend its video lottery operation. The department may assess an administrative fine not to exceed \$5,000 per video lottery terminal, per day, against any retailer who fails to suspend its video lottery operation when ordered by the department. The department may enforce a suspension order or any administrative fine as provided in s. 120.69. Each video lottery retailer shall post a bond payable to the state in an amount determined by the department which is sufficient to guarantee the payment of revenue due in any payment period.

- (2) Each video lottery terminal retailer shall notify the department prior to operating video lottery games.
- (3) To facilitate the auditing and security programs 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) Video lottery games may be played at an authorized video lottery retailer's facility even if the retailer is not conducting a pari-mutuel event.
- (6) Video lottery games shall pay out a minimum of 88

 percent and no more than 99 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



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requested by a video lottery retailer and the department has determined that the payment of a minimum of 88 percent is not financially viable at the location and that the total amount of net revenue payable to the state will not be negatively impacted. Such percentages shall be measured on an annual basis.

- (7) Income derived from video lottery operations is not subject to s. 24.121. The allocation of net terminal income derived from video lottery games shall be as follows:
- (a) Thirty-two percent to the Video Lottery Administrative Trust Fund for transfer to the Education Enhancement Trust Fund.
- (b) Two percent to the Video Lottery Administrative Trust Fund for transfer in equal shares to the counties in which the pari-mutuel facilities having video lottery terminals are located. If any pari-mutuel facility having video lottery terminals is located within an incorporated municipality, 25 percent of the equal share of the 2 percent otherwise to be transferred to the county in which the facility is located shall instead be transferred to the municipality.
- (c) Two percent to the Video Lottery Administrative Trust Fund for transfer to the Administrative Trust Fund.
- (d) Eight percent to the Video Lottery Administrative

 Trust Fund for transfer to the Video Lottery Purse Trust Fund,
 to be distributed pursuant to s. 24.132.
- (e) To the Video Lottery Administrative Trust Fund 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



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purses for live performances conducted at the video lottery retailer's pari-mutuel facility in accordance with 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 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. 550.6308, 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, of the remaining net terminal income generated at its facility:
- 1. 3.3 percent shall be distributed for use as Florida thoroughbred breeders' and stallion awards pursuant to ss. 550.26165 and 550.2625, subject to the fee provided in s. 550.2625(3). From the funds to be distributed pursuant to this subparagraph, one-half shall be used for awards to owners of registered Florida-bred thoroughbred horses participating in



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prescribed thoroughbred stakes races, nonstakes races, or both,

in accordance with a written agreement establishing the rate,

241 procedure, and eligibility requirements for such awards entered

into by the permitholder, the Florida Thoroughbred Breeders'

243 Association, and the Florida Horsemen's Benevolent and

Protective Association, Inc., or the association representing a

majority of the thoroughbred racehorse owners and trainers at

the video lottery retailer's pari-mutuel facility.

- 2. 0.25 percent shall be distributed as provided by written agreement between the video lottery retailer and the Florida Horsemen's Benevolent and Protective Association, Inc., or the association representing a majority of the thoroughbred racehorse owners and trainers at the video lottery retailer's pari-mutuel facility. All funds to be distributed under this subparagraph shall be used exclusively to fund equine drug and medication research or related equine research at the University of Florida, including required capital improvements, and for medical, dental, surgical, financial, or retirement benefits for occupational licensees who are employed in connection with the conduct of live thoroughbred racing in this state, but who are not permitholders' employees.
- 3. 96.45 percent shall be distributed as provided by written agreement between the video lottery retailer and the Florida Horsemen's Benevolent and Protective Association or the association representing a majority of the thoroughbred racehorse owners and trainers at the video lottery retailer's pari-mutuel facility. The written agreement shall consider the cost and expenses for capital improvements and operating costs of the video lottery retailer and purses to be paid on live



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performances and shall be reasonable in accordance with industry standards applied to similar circumstances in other states.

- (k) If the video lottery retailer holds a license issued pursuant to s. 550.6308, of the remaining net terminal income generated at its facility:
- 1. 3.3 percent shall be distributed for use as Florida thoroughbred breeders' and stallion awards pursuant to ss. 550.26165 and 550.2625, subject to the fee provided in s. 550.2625(3).
- 2. 96.7 percent shall be distributed as provided by written agreement between the video lottery retailer and the Florida Thoroughbred Breeders' Association. A video lottery retailer required to enter into a contract by this subparagraph may not conduct video lottery games unless such contract is in effect. All funds not retained by the video lottery retailer under any such contract shall be used exclusively for awards to thoroughbred breeders, owners, and stallion owners pursuant to ss. 550.26165 and 550.2625, subject to the fee provided in s. 550.2625(3); for general promotion of the industry; and for the University of Florida College of Veterinary Medicine for the purpose of funding the operations of the Division of Pari-Mutuel Wagering laboratory, as referenced in s. 550.2415, and for the college's equine department for the purchase of equipment and supplies and for equipe research.
- (8) The allocation provided in subsection (7) shall be made weekly. Amounts allocated pursuant to paragraphs (7)(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(7)(f), (g), and (h) shall be

paid as purses for those live meets. If no live meets were

conducted at the pari-mutuel facility during the weekly period

for which the allocation is made, the distribution of purse

money shall be made during the next ensuing meet. The interest

income on funds required to be distributed under paragraphs

(7)(f), (g), and (h) prior to their distribution as purses 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.

(9) Any person who, with intent to do so, manipulates or

- (9) Any person who, with intent to do so, manipulates or attempts to manipulate the outcome, payoff, or operation of a video lottery terminal by physical or electronic tampering or other means commits a felony of the third degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084.
- (10) Notwithstanding s. 24.115, each video lottery retailer is responsible for payment of video lottery prizes.
- (11) In any area or room in a facility in which a video lottery terminal is placed, the video lottery retailer shall also place video monitors displaying any live races or games of that facility being conducted, or displaying available simulcast races or games if no live races or games are being conducted at the facility. In each area or room, the retailer shall also provide a means by which patrons may wager on pari-mutuel activity.
- Section 6. Section 24.128, Florida Statutes, is created to read:
- 24.128 Licensure of video lottery terminal vendors.--Video

 lottery terminal vendors shall be licensed by the department by



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328	July 1, 2003, and, by October 1, 2003, the department shall
329	adopt rules governing such licensure. The department may not
330	license any person as a video lottery terminal vendor who has an
331	interest in a video lottery retailer or a business relationship
332	with a video lottery retailer other than as a vendor or lessor
333	of video lottery terminals.
334	Section 7. Section 24.129, Florida Statutes, is created to
335	read:
336	24.129 Local zoning of pari-mutuel facilities The
337	installation, operation, or use of a video lottery terminal on
338	any property where pari-mutuel operations were or would have
339	been lawful under any county or municipal zoning ordinance on
340	July 1, 1997, does not change the character of the use of such
341	property and may not be prohibited by any local zoning
342	ordinance.
343	Section 8. Section 24.130, Florida Statutes, is created to
344	read:
345	24.130 Video lottery terminals
346	(1) Video lottery terminals may not be offered for use or
347	play in this state unless approved by the department.
348	(2) Video lottery terminals approved for use in this state
349	shall:
350	(a) Be protected against manipulation to affect the random
351	probabilities of winning plays.
352	(b) Have one or more mechanisms that accept coins,
353	currency, tokens, or vouchers in exchange for game credits. Such
354	mechanisms must be designed to prevent players from obtaining
355	credits by means of physical tampering.
356	(c) Be capable of suspending play until reset at the
357	direction of the department as a result of physical tampering.



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

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

- 24.131 Video lottery terminal training program. --
- (1) Every licensed video lottery terminal vendor shall submit a training program for the service and maintenance of such terminals and equipment for approval by the department. The training program must include an outline of the training curriculum, a list of instructors and their qualifications, a copy of the instructional materials, and the dates, times, and location of training classes. A service and maintenance program may not be held unless approved by the department.
- complete the requirements of the manufacturer's training program before performing service, maintenance, or repairs on video lottery terminals or associated equipment. Upon the successful completion of the training program by an employee, the department shall issue a certificate authorizing such employee to service, maintain, and repair video lottery terminals and associated equipment. A certificate of completion may not be issued to any person until the department determines that such person has completed the required training. Before being certified as a video lottery terminal service employee, a person must pass a background investigation conducted by the department. The department may revoke certification upon finding a person in violation of any provision of this chapter or a department rule.



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HB 0013B 2003 387 (3) The department may adopt rules regarding the training, 388 qualifications, and certification of video lottery terminal 389 service employees. 390 Section 10. Section 24.132, Florida Statutes, is created 391 to read: 392 24.132 Administration of the Video Lottery Purse Trust 393 Fund.--394 (1) Fifty-eight percent of the proceeds of the Video 395 Lottery Purse Trust Fund shall be transferred to the Video 396 Lottery Thoroughbred Trust Fund. 397 (2) Forty-two percent of the proceeds of the Video Lottery 398 Purse Trust Fund shall be distributed to pari-mutuel 399 permitholders to be distributed as purses at their respective 400 pari-mutuel facilities as follows: 401 (a) Eight percent to holders of valid harness racing 402 permits. 403 (b) Seven percent to holders of valid jai alai permits. 404 (c) Twenty-seven percent to holders of valid greyhound 405 racing permits. 406 Each permitholder entitled to receive distributions shall 407 408 receive a percentage of the amount to be distributed which is 409 determined by dividing the amounts paid in purses by such 410 permitholder during the state fiscal year 2001-2002 by the 411 amount of purses paid by all permitholders of the same type 412 statewide during state fiscal year 2001-2002. 413 (3) All proceeds distributed under this section are in 414 addition to and supplement the other funds set forth in this

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chapter for use as purses, awards, and, in the case of jai alai,

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player compensation.



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(4) Of amounts to be distributed pursuant to this section and s. 24.127(7)(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 for 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. 24.127(7)(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, including, but not limited to, medical, dental, surgical, life, funeral, and disability insurance and retirement benefits for occupational licensees who work at tracks in this state in which harness horse races are conducted, 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 may adopt rules to provide for the equitable distribution of funds by permitholders for purses, awards, or jai alai player compensation.
- Section 11. Section 24.133, Florida Statutes, is created to read:
- 24.133 Distribution of funds from Video Lottery

 Thoroughbred Trust Fund.—The proceeds of the Video Lottery

 Thoroughbred Trust Fund shall be distributed as follows:

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(1) 6.6 percent for use as Florida thoroughbred breeders' and stallion awards pursuant to ss. 550.26165 and 550.2625, subject to the fee provided in s. 550.2625(3).

- (2) The remainder shall be divided proportionally among the thoroughbred permitholders conducting live racing for use as purses, based upon a formula determined by dividing the amount paid in purses by each such thoroughbred permitholder during the prior state fiscal year by the amount of purses paid by all such thoroughbred permitholders statewide during the prior state fiscal year. However, 8.5 percent of such funds must be used for Florida Owners' Awards pursuant to s. 550.2625(2)(e), unless agreed otherwise in writing between the Florida Thoroughbred Breeders' Association and the Florida Horsemen's Benevolent and Protective Association, Inc., or the association representing a majority of the thoroughbred racehorse owners and trainers at that location.
- Section 12. Section 24.134, Florida Statutes, is created to read:
- 24.134 Notice of availability of assistance for compulsive gambling required.--
- (1) The owner of each facility at which video lottery games are conducted shall post signs with the statement "IF YOU OR SOMEONE YOU KNOW HAS A GAMBLING PROBLEM, HELP IS AVAILABLE.

 CALL 1-800-426-7711." Such signs must be posted within 50 feet of each entrance and exit and within 50 feet of each credit location within the facility.
- (2) Each pari-mutuel facility licensee who operates as a video lottery retailer shall print the statement "IF YOU OR SOMEONE YOU KNOW HAS A GAMBLING PROBLEM, HELP IS AVAILABLE. CALL



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474 1-800-426-7711" on all daily racing programs provided to the general public.

Section 13. 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:
- (24) "Coin-operated amusement machine" means any 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. However, the term does not include a video lottery terminal operated pursuant to chapter 24.

Section 14. 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.
- (2) The promotion of public awareness regarding the recognition and prevention of problem or compulsive gambling.



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- (3) Facilitation, through inservice training and other means, of the availability of effective assistance programs for problem and compulsive gamblers and family members affected by problem and compulsive gambling.
- (4) Studies to identify adults and juveniles in this state who are or are at risk of becoming problem or compulsive gamblers.
- Section 15. If any law amended by this act was also amended by a law enacted at the 2003 Regular Session of the Legislature or at the 2003 Special Session A of the Legislature, such laws shall be construed as if they had been enacted at the same session of the Legislature, and full effect shall be given to each if possible.
- Section 16. This act shall take effect upon becoming a law.

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