

By Senator Bullard

39-1795-04

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, 2004.

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), meets all qualifications of  
26 licensure under this section.

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

1 Trust 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, including provisions to ensure that  
9 video lottery terminals are operated only by persons at least  
10 18 years of age.

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

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

18 (2) Initial rules to permit the operation of video  
19 lotteries and the licensing of video lottery vendors shall be  
20 adopted by July 1, 2004. The department may adopt emergency  
21 rules under s. 120.536(1) and s. 120.58(4) to implement this  
22 section.

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

25 24.126 Video lottery; minimum age.--

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

28 (2) Each video lottery retailer shall post a clear and  
29 conspicuous sign on all video lottery terminals which states:  
30  
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 may 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 races or games under s. 550.475, or be authorized to receive  
18 broadcasts of horse races under s. 550.6308. The department  
19 shall waive such requirements upon a showing that the failure  
20 to conduct races or games resulted from a natural disaster or  
21 other acts beyond the control of the permitholder, including  
22 legal restrictions or prohibitions placed on the  
23 permitholder's activities. If the retailer for any other  
24 reason does not comply with the requirement to conduct a full  
25 schedule of races or games, the department shall order the  
26 retailer to suspend its video lottery operation. The  
27 department may assess an administrative fine, not to exceed  
28 \$5,000 per video lottery terminal per day, against any  
29 retailer who does not suspend its video lottery operation when  
30 ordered to do so by the department. The department may enforce  
31 a suspension order or administrative fine as provided in s.

1 120.69. Each video lottery retailer shall post a bond payable  
2 to the state in an amount determined by the department which  
3 is sufficient to guarantee the payment of revenue due in any  
4 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.  
31

1           (4) To facilitate the auditing and security programs  
2 critical to the integrity of the video lottery system, the  
3 department has overall control of the entire system. Each  
4 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 each 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 may 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 chapter 550; however, if  
4 the video lottery retailer holds a license pursuant to s.  
5 550.06308, the 4.25 percent shall be distributed as  
6 thoroughbred breeders' awards and stallion awards and awards  
7 to owners of registered Florida-bred thoroughbred horses under  
8 ss. 550.26165 and 550.2625(3), subject to the fee provided in  
9 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 live meets were not 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.

31

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 live races or games are  
12 not 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, 2004. The department may adopt  
22 emergency rules under s. 120.536(1) and s. 120.54(4) to  
23 implement this section. The department may not license a  
24 person as a video lottery terminal vendor who has an interest  
25 in a video lottery retailer or a business relationship with a  
26 video lottery retailer other than as a vendor or lessor of  
27 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, 2003, 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 physical  
20 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 terminals and equipment for approval by the department. The

1 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 the  
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 that a person is in  
20 violation 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 chapter 550 for use as purses, awards, and, in the  
17 case of jai alai, player compensation.

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

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

1 to owners of registered Florida-bred thoroughbred horses  
2 pursuant to ss. 550.26165 and 550.2625(3), subject to the fee  
3 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 s. 565.02 on days in which the pari-mutuel facility is open  
2 to the public for video lottery play as authorized by this  
3 chapter.

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

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



\*\*\*\*\*

SENATE SUMMARY

Establishes the regulation of video lotteries and defines essential components of the video lottery, including games, terminal, vendor, net terminal income, and retailer. Provides that the Department of the Lottery must have Video Lottery Terminals in place by October 1, 2004. Provides for duties of the department in regulating video lottery licensees and collecting revenue. Provides for emergency rulemaking on the regulation of the retailers, specifications for terminals, and the regulation of vendors. Provides for minimum age of 18 to operate video games and the placing of appropriate signage. Provides for the location of operation for video lottery games to be at the retailer's pari-mutuel facility. Specifies that the retailer must have conducted a full schedule of live racing or games in the prior year or be authorized to receive broadcasts of horse races. Gives the department authority to suspend and fine any noncompliant retailer and gives the retailer authority to determine the number of terminals, dates and hours of play, mix of games available, utilization of the type of currency, location and movement of terminals on the premises, staffing, and minimum and maximum betting amounts with the range of 88 percent and 95 percent. Provides that the department may grant a greater payout percentage provided that the total annual payout of the facility is not greater than 95 percent. Provides for the allocation of net terminal income with 42 percent going to Education; .75 percent going to the Administrative Trust Fund; with 25 percent of the .75 percent going to the Department of Children and Families for a compulsive gambling program; and 57.25 percent going for compensation for the permitholders, less 8.25 percent of the net terminal income going for purses. Provides for criminal penalties for intentional manipulation of the terminals and for the licensure of video lottery terminal vendors. Provides that a Video Lottery Terminal will not change the character of the pari-mutuel facility for local zoning purposes. Provides for requirements for the terminals and for a terminal training program. Requires signage alerting contact for gambling problems. Provides for a caterer's license when Video Lottery Terminals are operating. Requires pari-mutuel permitholders to pay an annual \$2 million fee in order to be a video lottery retailer. Requires that the \$2 million fee be deposited into the Educational Enhancement Trust Fund and be available to be bonded for school capital facilities construction. Credits the \$2 million annual fee back to the permitholder out of the Video Lottery Administration Trust Fund on a weekly basis until the total \$2 million is credited. Provides that weekly credits may not exceed \$100,000 per week, per permitholder. Allows a pari-mutuel permitholder who applied for a pari-mutuel permit between January 1, 2004 and March 1, 2004, and has conducted a full schedule of live races or games to apply to be a video lottery retailer once the permit is granted.