

By Senator Geller

31-219A-07

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 for

12 fines and orders of suspension; providing a

13 payout percentage; providing for the

14 distribution of income; providing for weekly

15 allocations; providing penalties; creating s.

16 24.128, F.S.; providing for the licensure of

17 video lottery terminal vendors; providing for

18 emergency rules; 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.; requiring video lottery retailers to

30 execute agreements with certain horsemen's and

31 breeders' associations; requiring the

1 remittance of funds pursuant to such
2 agreements; authorizing the department to
3 sanction certain breeders; creating s. 24.133,
4 F.S.; requiring operators of facilities where
5 video lottery games are conducted to post
6 certain signs regarding compulsive gambling;
7 creating s. 24.134, F.S.; establishing programs
8 for compulsive gambling within the Department
9 of Children and Family Services; creating s.
10 24.136, F.S.; authorizing a caterer's license
11 for video lottery retailers; creating s.
12 24.137, F.S.; prohibiting video lottery
13 retailers from engaging in certain activities;
14 creating s. 24.138, F.S.; providing for the
15 exclusion of certain persons from a retailer's
16 premises; creating s. 24.139, F.S.; requiring
17 retailers to provide office space for
18 department employees; amending s. 212.02, F.S.;
19 excluding video lottery terminals from the
20 definition of the term "coin-operated amusement
21 machine" for purposes of the sales and use tax;
22 providing an effective date.

23
24 Be It Enacted by the Legislature of the State of Florida:

25
26 Section 1. Subsections (7), (8), (9), (10), and (11)
27 are added to section 24.103, Florida Statutes, to read:

28 24.103 Definitions.--As used in this act:

29 (7) "Video lottery game" means an electronically
30 simulated game involving any element of chance, skill, or
31 both, played on a video lottery terminal that, upon insertion

1 of currency, coins, tokens, credits, vouchers, or anything of
2 value, is available to play or simulate a lottery-type game.
3 The games include, but are not limited to, lineup games,
4 traditional card games, poker, and progressive games where the
5 jackpot grows and accumulates as it is being played in a video
6 lottery terminal, or network of video lottery terminals, using
7 a cathode ray tube, video display screen, microprocessors, or
8 other similar technology available now or in the future, as
9 approved by the department. A player may receive a payoff in
10 the form of currency, coins, tokens, credits, vouchers, or
11 anything of value, automatically or in some other manner.

12 (8) "Video lottery terminal" means a machine or
13 device, including associated equipment that is required to
14 operate the machine or device upon which a video lottery game
15 is played or operated. A video lottery terminal may use
16 spinning reels or video displays or other similar technology
17 available now or in the future, as approved by the department.

18 (9) "Video lottery terminal vendor" means any person
19 licensed by the department who engages in the business of
20 selling, leasing, servicing, repairing, or upgrading video
21 lottery terminals for video lottery retailers or who provides
22 to the department or to a video lottery retailer computer
23 equipment, software, or other functions related to video
24 lottery terminals.

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

28 (11) "Video lottery retailer" means a pari-mutuel
29 permitholder under chapter 550 who:

30 (a) Conducted a full schedule of live races or games,
31 as described in ss. 550.002(11) and 550.475 between July 1,

1 2004, and June 30, 2005, and between July 1, 2005, and June
2 30,2006; or

3 (b) Is authorized to receive broadcasts of horse races
4 under s. 550.6308.

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

8 24.105 Powers and duties of department.--The
9 department shall:

10 (21) Have in place the capacity to support video
11 lottery games at facilities of video lottery retailers by
12 October 1, 2007.

13 (22) Hear and decide promptly and in reasonable order
14 all video-lottery-related license applications and enforcement
15 proceedings for suspension or revocation of licenses.

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

18 (24) Certify net terminal income of video lottery
19 retailers by inspecting records, conducting audits, or any
20 other reasonable means.

21 (25) Maintain a list of licensed video lottery
22 terminal vendors and a current list of all contracts between
23 video lottery terminal vendors and video lottery retailers.

24 (26) Approve an application for a video lottery
25 retailer within 90 days after receipt of the application. Any
26 person holding a pari-mutuel permit meets all qualifications
27 of licensure under this section if the person has been
28 licensed pursuant to chapter 550, meets the definition of a
29 video lottery retailer under s. 24.103(11), and has paid the
30 fee required in subsection (27).

31

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

3 24.125 Rules authorized.--

4 (1) The department may adopt rules similar to rules
5 adopted under chapter 551, relating to:

6 (a) The regulation of video lottery retailers and
7 video lottery products.

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

14 (2) Initial rules to permit the operation of video
15 lotteries and the licensing of video lottery vendors shall be
16 adopted by October 1, 2007. The department may adopt emergency
17 rules under ss. 120.536(1) and 120.58(4) to implement this
18 section.

19 Section 4. Section 24.126, Florida Statutes, is
20 created to read:

21 24.126 Video lottery; minimum age.--

22 (1) A person who is younger than 21 years of age may
23 not play a video lottery game.

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

26
27 THE USE OF A VIDEO LOTTERY TERMINAL BY PERSONS
28 UNDER THE AGE OF 18 IS AGAINST FLORIDA LAW.
29 PROOF OF AGE IS REQUIRED FOR USE.
30
31

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

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

6 24.127 Video lottery games.--

7 (1) Video lottery games may be offered by a video
8 lottery retailer only at its pari-mutuel facility at any time.
9 During any calendar year in which a video lottery retailer
10 maintains video lottery terminals, the retailer must have
11 conducted in the prior year and must be currently licensed to
12 conduct a full schedule of live racing or games, as defined in
13 s. 550.002(11), including the conduct of races or games under
14 s. 550.475, or be authorized to receive broadcasts of horse
15 races under s. 550.6308. The department shall waive such
16 requirements upon a showing that the failure to conduct races
17 or games resulted from a natural disaster, strike, or other
18 acts beyond the control of the permit holder, including legal
19 restrictions or prohibitions placed on the permit holder's
20 activities. If the retailer for any other reason does not
21 comply with the requirement to conduct a full schedule of
22 races or games, the department shall order the retailer to
23 suspend its video lottery operation. The department may assess
24 an administrative fine, not to exceed \$5,000 per video lottery
25 terminal per day, against any retailer who does not suspend
26 its video lottery operation when ordered to do so by the
27 department. The department may enforce a suspension order or
28 administrative fine as provided in s. 120.69. Each video
29 lottery retailer shall post a bond payable to the state in an
30 amount determined by the department which is sufficient to
31 guarantee the payment of revenue due in any payment period.

1 The initial bond prior to commencement of operations by the
2 video lottery retailer shall be \$2 million, issued by a surety
3 approved by the department, conditioned to make the payments
4 to the department. The bond shall be separate from the bond
5 required by s. 550.125.

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

9 (a) Number of video lottery terminals, not to exceed
10 1,500;

11 (b) Dates and hours during which the video lottery
12 terminals are available for play, not to exceed 16 hours a
13 day, except if the board of county commissioners of the county
14 where the retailer is located authorizes additional hours for
15 play;

16 (c) Mix of games available for play on video lottery
17 terminals;

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

20 (e) Location and movement of video lottery terminals
21 on the premises;

22 (f) Staffing of video lottery terminal operations on
23 the premises; and

24 (g) Minimum and maximum betting amounts and the
25 payout, based upon a suitable range, as determined by the
26 video lottery retailer, with a minimum of 85 percent of the
27 amount of currency, credits, vouchers, or anything of value
28 put into a video lottery terminal.

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

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

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

10 (6) Income derived from video lottery operations is
11 not subject to s. 24.121. The allocation of net terminal
12 income derived from video lottery games shall be as follows:

13 (a) Fifty percent shall be remitted to the Video
14 Lottery Administration Trust Fund for transfer to the
15 Education Enhancement Trust Fund.

16 (b) Fifty-hundredths percent shall be paid by the
17 video lottery retailer to the department to administer and
18 regulate the operation of video lottery terminals.

19 (7) The allocation provided in subsection (6) shall be
20 made weekly. Amounts allocated pursuant to paragraphs (6)(a)
21 and (b) shall be remitted to the department by electronic
22 transfer within 24 hours after the allocation is determined.

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

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

30 (10) In the area or room in a facility in which a
31 video lottery terminal is placed, the video lottery retailer

1 shall also place video monitors displaying live races or games
2 being conducted in that facility. If live races or games are
3 not being conducted at the facility, any simulcast races or
4 games that are displayed otherwise in the facility shall be
5 displayed. In each area or room, the retailer shall also
6 provide a means by which patrons may wager on pari-mutuel
7 activity.

8 Section 6. Section 24.128, Florida Statutes, is
9 created to read:

10 24.128 Licensure of video lottery terminal
11 vendors.--Video lottery terminal vendors shall be licensed by
12 the department by July 1, 2007. The department may adopt
13 emergency rules under ss. 120.536(1) and 120.54(4) to
14 implement this section. The department may not license a
15 person as a video lottery terminal vendor who has an interest
16 in a video lottery retailer or a business relationship with a
17 video lottery retailer other than as a vendor or lessor of
18 video lottery terminals.

19 Section 7. Section 24.129, Florida Statutes, is
20 created to read:

21 24.129 Local zoning of pari-mutuel facilities.--The
22 installation, operation, or use of a video lottery on any
23 property where pari-mutuel operations were or would have been
24 lawful under any county or municipal zoning ordinance on July
25 1, 2006, does not change the character of the use of such
26 property. Such use is lawful and consistent with pari-mutuel
27 operations, and such use or the expansion or construction of
28 facilities to accommodate video lottery terminals on the
29 property is not subject to review or approval under land use,
30 zoning, or site plan review, or concurrency law, ordinance, or
31 regulation by any governmental entity.

1 Section 8. Section 24.130, Florida Statutes, is
2 created to read:

3 24.130 Video lottery terminals.--

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

6 (2) Each video lottery terminal approved for use in
7 this state shall:

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

10 (b) Have one or more mechanisms that accept currency,
11 coins, tokens, vouchers, or anything of value in exchange for
12 game credits. Such mechanisms must be designed to prevent
13 players from obtaining currency, coins, tokens, vouchers, or
14 anything of value, or from obtaining game credits, by physical
15 tampering.

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

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

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

23 24.131 Video lottery terminal training program.--

24 (1) Each licensed video lottery terminal vendor shall
25 submit a training program for the service and maintenance of
26 terminals and equipment for approval by the department. The
27 training program must include an outline of the training
28 curriculum; a list of instructors and their qualifications; a
29 copy of the instructional materials; and the dates, times, and
30 location of training classes. A service and maintenance
31 program may not be held unless approved by the department.

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

16 (3) The department may adopt rules regarding the
17 training, qualifications, and certification of video lottery
18 terminal service employees.

19 Section 10. Section 24.132, Florida Statutes, is
20 created to read:

21 24.132 Video lottery retailer; agreements required.--

22 (1) A video lottery retailer who holds a permit under
23 chapter 550 to conduct pari-mutuel wagering meets of
24 thoroughbred racing may not conduct video lottery games unless
25 the retailer has on file with the division a binding written
26 agreement between such retailer and the Florida Horsemen's
27 Benevolent and Protective Association, Inc., governing the
28 payment of purses on live thoroughbred races conducted at the
29 retailer's pari-mutuel facility. In addition, a video lottery
30 retailer may not conduct video lottery games unless it has on
31 file with the department a binding written agreement between

1 it and the Florida Thoroughbred Breeders' Association, Inc.,
2 governing the payment of breeders', stallion, and special
3 racing awards on live thoroughbred races conducted at the
4 retailer's pari-mutuel facility.

5 (a) The agreement governing purses and the agreement
6 governing awards may direct the payment of such purses and
7 awards from revenues generated by any wagering or gaming the
8 applicant is authorized to conduct.

9 (b) All purses and awards are subject to chapter 550.
10 All sums for breeders', stallion, and special racing awards
11 shall be remitted monthly to the Florida Thoroughbred
12 Breeders' Association, Inc., for the payment of awards subject
13 to the administrative fee authorized in s. 550.2625(3).

14 (2) The department shall prohibit the operation of
15 video lottery games at a retailer's premises if any agreement
16 required under subsection (1) is terminated or otherwise
17 ceases to operate or if the department determines that the
18 retailer has materially failed to comply with the terms of an
19 agreement.

20 Section 11. Section 24.133, Florida Statutes, is
21 created to read:

22 24.133 Notice of availability of assistance for
23 compulsive gambling required.--

24 (1) The owner of each facility at which video lottery
25 games are conducted shall post signs that display the
26 following statement:

27
28 "IF YOU OR SOMEONE YOU KNOW HAS A GAMBLING
29 PROBLEM, HELP IS AVAILABLE, CALL
30 1-800-426-7711."
31

1 The department may approve additional toll-free numbers to
2 ensure compliance with this section. The signs must be posted
3 within 50 feet of each entrance.

4 Section 12. Section 24.134, Florida Statutes, is
5 created to read:

6 24.134 Compulsive gambling program.--The Mental Health
7 Program Office within the Department of Children and Family
8 Services shall establish a program for public education,
9 awareness, and training regarding problem and compulsive
10 gambling and the treatment and prevention of problem and
11 compulsive gambling. The program shall include:

12 (1) Maintenance of a toll-free telephone number that
13 is operated by an advocacy organization for the treatment of
14 compulsive gambling in order to provide crisis counseling and
15 referral services to families that are experiencing difficulty
16 as a result of problem or compulsive gambling.

17 (2) The promotion of public-awareness campaigns
18 regarding the recognition and prevention of problem or
19 compulsive gambling.

20 (3) Facilitation, through inservice training and other
21 means, of effective assistance programs for problem and
22 compulsive gamblers and family members who are affected by
23 problem and compulsive gambling.

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

27 Section 13. Section 24.136, Florida Statutes, is
28 created to read:

29 24.136 Licensure of video lottery retailer.--A video
30 lottery retailer is entitled to a caterer's license pursuant
31 to s. 565.02 on days in which the pari-mutuel facility is open

1 to the public for video lottery play as authorized by this
2 chapter.

3 Section 14. Section 24.137, Florida Statutes, is
4 created to read:

5 24.137 Other prohibited activities.--

6 (1) Complimentary or reduced-cost alcoholic beverages
7 may not be served to a person playing a video lottery
8 terminal. Alcoholic beverages served to a person playing a
9 video lottery terminal shall cost at least the same amount as
10 alcoholic beverages served to the general public at a bar
11 within the facility.

12 (2) A video lottery retailer may not allow any
13 automated teller machine or similar device designated to
14 provide credit or dispense cash in the designated area where
15 video lottery terminal gaming may be conducted pursuant to
16 this chapter nor may such retailer make loans, provide credit,
17 or advance cash to enable a person to play a video lottery
18 terminal. However, automated ticket redemption machines that
19 dispense cash resulting from the redemption of tickets may be
20 located in such areas.

21 (3) A video lottery retailer may not accept or cash
22 any personal, third-party, corporate, business, or
23 government-issued check from any person.

24 (4) A video lottery terminal located within a video
25 lottery retailer's facility shall accept only tickets or paper
26 currency or an electronic payment system for wagering, and
27 return or deliver payouts to the player in the form of tickets
28 that may be exchanged for cash, merchandise, or other items of
29 value. The use of coins, credit or debit cards, tokens, or
30 similar objects is prohibited. However, an electronic credit
31 system may be used for receiving wagers and making payouts.

1 Section 15. Section 24.138, Florida Statutes, is
2 created to read:

3 24.138 Exclusions of certain persons.--In addition to
4 the power to exclude certain persons from any facility of a
5 video lottery terminal retailer in this state, the department
6 may exclude any person from any facility of a video lottery
7 terminal retailer for conduct that would constitute, if the
8 person were a licensee, a violation of this chapter, chapter
9 550 or chapter 551, or a department rule. The department may
10 exclude from any facility of a video lottery terminal retailer
11 any person who has been ejected from a facility of a video
12 lottery retailer or slot machine licensee in this or any other
13 state by the governmental department, agency, commission or
14 authority that regulates gaming in that state. This section
15 does not abrogate the common law right of a video lottery
16 terminal retailer to exclude a patron absolutely in this
17 state.

18 Section 16. Section 24.139, Florida Statutes, is
19 created to read:

20 24.139 Department office space.--A video lottery
21 terminal retailer shall provide adequate office space at no
22 cost to the department for the oversight of video lottery
23 terminal operations. The department shall adopt rules
24 establishing the criteria for adequate space, configuration,
25 and needed electronic and technological requirements for
26 office space required by this section.

27 Section 17. Subsection (24) of section 212.02, Florida
28 Statutes, is amended to read:

29 212.02 Definitions.--The following terms and phrases
30 when used in this chapter have the meanings ascribed to them
31

1 in this section, except where the context clearly indicates a
2 different meaning:

3 (24) "Coin-operated amusement machine" means any
4 machine operated by coin, slug, token, coupon, or similar
5 device for the purposes of entertainment or amusement. The
6 term includes, but is not limited to, coin-operated pinball
7 machines, music machines, juke boxes, mechanical games, video
8 games, arcade games, billiard tables, moving picture viewers,
9 shooting galleries, and all other similar amusement devices.
10 However, the term does not include a video lottery terminal
11 operated pursuant to chapter 24.

12 Section 18. This act shall take effect upon becoming a
13 law.

14 *****

15 SENATE SUMMARY

16 Establishes the regulation of video lotteries and defines
17 essential components of the video lottery, including
18 games, terminal, vendor, net terminal income, and
19 retailer. Provides for duties of the Department of the
20 Lottery in regulating video lottery licensees and
21 collecting revenue. Provides for emergency rulemaking.
22 Provides for a minimum age to operate video games and for
23 the placing of appropriate signage. Provides for locating
24 video lottery games at a pari-mutuel facility. Authorizes
25 the department to suspend and fine any noncompliant
26 retailer and determine the number of terminals, dates and
27 hours of play, mix of games available, type of currency,
28 location and movement of terminals on the premises,
29 staffing, and minimum and maximum betting amounts.
30 Provides for the allocation of net terminal income.
31 Provides criminal penalties for intentional manipulation
of the terminals and provides for the licensure of video
lottery terminal vendors. Provides that a video lottery
terminal does not change the character of the pari-mutuel
facility for local zoning purposes. Provides requirements
concerning the terminals. Requires signage alerting
patrons to a hotline for gambling problems. Provides for
a caterer's license when video lottery terminals are
operating. Prohibits video lottery retailers from
engaging in certain activities and provides for the
exclusion of certain persons from a retailer's premises.
Requires retailers to provide office space for department
employees. (See bill for details.)