

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 A video lottery terminal is not a coin-operated amusement
19 machine as defined in s. 212.02(24) or an amusement game or
20 machine as described in s. 849.161.

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

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

31

1 (11) "Video lottery retailer" means a pari-mutuel
2 permitholder under chapter 550 who has a license to conduct a
3 full schedule of live races or games, as described in s.
4 550.002(11), between July 1, 2006, and June 30, 2007, or who
5 is authorized to receive broadcasts of horse races under s.
6 550.6308.

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

10 24.105 Powers and duties of department.--The
11 department shall:

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

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

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

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

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

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

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 at any time only at the pari-mutuel facility
9 at which the video lottery retailer is licensed to conduct
10 live races or games between July 1, 2007, and June 30, 2008,
11 or at its relocated licensed pari-mutuel facility if the
12 relocation of such facility has been approved by the division
13 pursuant to s. 550.0555. During any calendar year in which a
14 video lottery retailer maintains video lottery terminals, the
15 retailer must have conducted in the prior year and must be
16 currently licensed to conduct a full schedule of live racing
17 or games, as defined in s. 550.002(11), including the conduct
18 of races or games under s. 550.475, or be authorized to
19 receive broadcasts of horse races under s. 550.6308. The
20 department shall waive such requirements upon a showing that
21 the failure to conduct races or games resulted from a natural
22 disaster, strike, or other acts beyond the control of the
23 permitholder, including legal restrictions or prohibitions
24 placed on the permitholder's activities. If the retailer for
25 any other reason does not comply with the requirement to
26 conduct a full schedule of races or games, the department
27 shall order the retailer to suspend its video lottery
28 operation. The department may assess an administrative fine,
29 not to exceed \$5,000 per video lottery terminal per day,
30 against any retailer who does not suspend its video lottery
31 operation when ordered to do so by the department. The

1 department may enforce a suspension order or administrative
2 fine as provided in s. 120.69. Each video lottery retailer
3 shall post a bond payable to the state in an amount determined
4 by the department which is sufficient to guarantee the payment
5 of revenue due in any payment period. The initial bond prior
6 to commencement of operations by the video lottery retailer
7 shall be \$2 million, issued by a surety approved by the
8 department, conditioned to make the payments to the
9 department. The bond shall be separate from the bond required
10 by s. 550.125.

11 (2) Each video lottery terminal retailer shall
12 determine the following pertaining to the video lottery
13 terminals located on its premises:

14 (a) Number of video lottery terminals, not to exceed
15 1,500 at any pari-mutuel facility;

16 (b) Dates and hours during which the video lottery
17 terminals are available for play, not to exceed 16 hours a
18 day, except that the hours of operation may be extended by
19 majority vote of the governing body of the municipality where
20 the retailer is located or the governing body of the county if
21 the retailer is not located in a municipality;

22 (c) Mix of games available for play on video lottery
23 terminals;

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

26 (e) Location and movement of video lottery terminals
27 on the premises;

28 (f) Staffing of video lottery terminal operations on
29 the premises; and

30 (g) Minimum and maximum betting amounts and the
31 payout, based upon a suitable range, as determined by the

1 video lottery retailer, with a minimum of 85 percent of the
2 amount of currency, credits, vouchers, or anything of value
3 put into a video lottery terminal.

4 (3) Each video lottery terminal retailer shall notify
5 the department before commencing the initial operation of the
6 video lottery games.

7 (4) To facilitate the auditing and security programs
8 that are critical to the integrity of the video lottery
9 system, the department has overall control of the entire
10 system. Each video lottery terminal shall be linked, directly
11 or indirectly, to a computer system approved by the
12 department.

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

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

19 (a) Fifty percent shall be remitted to the Video
20 Lottery Administration Trust Fund for transfer to the
21 Education Enhancement Trust Fund.

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

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

29 (8) Any person who intentionally manipulates or
30 attempts to manipulate the outcome, payoff, or operation of a
31 video lottery terminal by physical or electronic tampering or

1 other means commits a felony of the third degree, punishable
2 as provided in s. 775.082, s. 775.083, or s. 775.084.

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

5 (10) In the area or room in a facility in which a
6 video lottery terminal is placed, the video lottery retailer
7 shall also place video monitors displaying live races or games
8 being conducted in that facility. If live races or games are
9 not being conducted at the facility, any simulcast races or
10 games that are displayed otherwise in the facility shall be
11 displayed. In each area or room, the retailer shall also
12 provide a means by which patrons may wager on pari-mutuel
13 activity.

14 Section 6. Section 24.128, Florida Statutes, is
15 created to read:

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

25 Section 7. Section 24.129, Florida Statutes, is
26 created to read:

27 24.129 Local zoning of pari-mutuel facilities.--The
28 installation, operation, or use of a video lottery on any
29 property where pari-mutuel operations were or would have been
30 lawful under any county or municipal zoning ordinance on July
31 1, 2006, does not change the character of the use of such

1 property. Such use is lawful and consistent with pari-mutuel
2 operations, and such use or the expansion or construction of
3 facilities to accommodate video lottery terminals on the
4 property is not subject to review or approval under land use,
5 zoning, or site plan review, or concurrency law, ordinance, or
6 regulation by any governmental entity.

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

9 24.130 Video lottery terminals.--

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

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

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

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

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

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

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

29 24.131 Video lottery terminal training program.--

30 (1) Each licensed video lottery terminal vendor shall
31 submit a training program for the service and maintenance of

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

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

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

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

27 24.132 Video lottery retailer; agreements required.--

28 (1) A video lottery retailer who holds a permit under
29 chapter 550 to conduct pari-mutuel wagering meets of
30 thoroughbred racing may not conduct video lottery games unless
31 the retailer has on file with the division a binding written

1 agreement between such retailer and the Florida Horsemen's
2 Benevolent and Protective Association, Inc., governing the
3 payment of purses on live thoroughbred races conducted at the
4 retailer's pari-mutuel facility. In addition, a video lottery
5 retailer may not conduct video lottery games unless it has on
6 file with the department a binding written agreement between
7 it and the Florida Thoroughbred Breeders' Association, Inc.,
8 governing the payment of breeders', stallion, and special
9 racing awards on live thoroughbred races conducted at the
10 retailer's pari-mutuel facility.

11 (a) The agreement governing purses and the agreement
12 governing awards may direct the payment of such purses and
13 awards from revenues generated by any wagering or gaming the
14 applicant is authorized to conduct.

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

20 (2) The department shall prohibit the operation of
21 video lottery games at a retailer's premises if any agreement
22 required under subsection (1) is terminated or otherwise
23 ceases to operate or if the department determines that the
24 retailer has materially failed to comply with the terms of an
25 agreement.

26 Section 11. Section 24.133, Florida Statutes, is
27 created to read:

28 24.133 Notice of availability of assistance for
29 compulsive gambling required.--

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

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5 "IF YOU OR SOMEONE YOU KNOW HAS A GAMBLING
6 PROBLEM, HELP IS AVAILABLE, CALL
7 1-800-426-7711."

8
9 The department may approve additional toll-free numbers to
10 ensure compliance with this section. The signs must be posted
11 within 50 feet of each entrance.

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

14 24.134 Compulsive gambling program.--The Mental Health
15 Program Office within the Department of Children and Family
16 Services shall establish a program for public education,
17 awareness, and training regarding problem and compulsive
18 gambling and the treatment and prevention of problem and
19 compulsive gambling. The program shall include:

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

25 (2) The promotion of public-awareness campaigns
26 regarding the recognition and prevention of problem or
27 compulsive gambling.

28 (3) Facilitation, through inservice training and other
29 means, of effective assistance programs for problem and
30 compulsive gamblers and family members who are affected by
31 problem and compulsive gambling.

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

4 Section 13. Section 24.136, Florida Statutes, is
5 created to read:

6 24.136 Licensure of video lottery retailer.--A video
7 lottery retailer is entitled to a caterer's license pursuant
8 to s. 565.02 on days in which the pari-mutuel facility is open
9 to the public for video lottery play as authorized by this
10 chapter.

11 Section 14. Section 24.137, Florida Statutes, is
12 created to read:

13 24.137 Other prohibited activities.--

14 (1) Complimentary or reduced-cost alcoholic beverages
15 may not be served to a person playing a video lottery
16 terminal. Alcoholic beverages served to a person playing a
17 video lottery terminal shall cost at least the same amount as
18 alcoholic beverages served to the general public at a bar
19 within the facility.

20 (2) A video lottery retailer may not allow any
21 automated teller machine or similar device designated to
22 provide credit or dispense cash in the designated area where
23 video lottery terminal gaming may be conducted pursuant to
24 this chapter nor may such retailer make loans, provide credit,
25 or advance cash to enable a person to play a video lottery
26 terminal. However, automated ticket redemption machines that
27 dispense cash resulting from the redemption of tickets may be
28 located in such areas.

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

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

9 Section 15. Section 24.138, Florida Statutes, is
10 created to read:

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

26 Section 16. Section 24.139, Florida Statutes, is
27 created to read:

28 24.139 Department office space.--A video lottery
29 terminal retailer shall provide adequate office space at no
30 cost to the department for the oversight of video lottery
31 terminal operations. The department shall adopt rules

1 establishing the criteria for adequate space, configuration,
2 and needed electronic and technological requirements for
3 office space required by this section.

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

6 212.02 Definitions.--The following terms and phrases
7 when used in this chapter have the meanings ascribed to them
8 in this section, except where the context clearly indicates a
9 different meaning:

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

19 Section 18. This act shall take effect upon becoming a
20 law.

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1 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
2 COMMITTEE SUBSTITUTE FOR
3 Senate Bill 2434

4 The committee substitute clarifies that a video lottery
5 terminal is not a "coin-operated" amusement machine" as
6 defined in s. 212.02(24), F.S., or an amusement game or
7 machine as described in s. 849.161, F.S.

8 It provides a new definition of video lottery retailer which
9 defines it to mean a pari-mutuel permitholder under ch. 550,
10 F.S., who has a license to conduct a full schedule of live
11 races or games, as described in s. 550.002(11), F.S., between
12 July 1, 2006 and June 30, 2007, or which is authorized to
13 receive broadcasts of horse races under s. 550.6308, F.S.

14 It deletes references to a fee required under subsection (27).

15 It adds to the description of video lottery game to include a
16 lottery retailer at any time only at the pari-mutuel facility
17 at which the video lottery retailer is licensed to conduct
18 live races or games between July 1, 2007, and June 30, 2008,
19 or at its relocated licensed pari-mutuel facility if the
20 relocation of the facility has been approved by the division
21 under s. 550.0555, F.S.

22 It clarifies that the 1500 video lottery terminals are at the
23 pari-mutuel facility.

24 It clarifies that the 16 hours of operation can be extended by
25 majority vote of the governing body of the municipality where
26 the retailer is located or the governing body of the county if
27 the retailer is not located in a municipality.

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