

By the Committees on General Government Appropriations;
Finance and Tax; Regulated Industries; and Senator Geller

601-2649-07

1 A bill to be entitled
2 An act relating to electronic gaming machines;
3 amending s. 24.103, F.S.; providing
4 definitions; amending s. 24.105, F.S.;
5 providing powers and duties of the Department
6 of the Lottery pertaining to video lottery
7 games; creating s. 24.125, F.S.; providing for
8 the adoption of rules; creating s. 24.126,
9 F.S.; prohibiting certain persons from playing
10 video lottery games; creating s. 24.127, F.S.;
11 providing requirements for the operation of
12 video lottery games; providing for fines and
13 orders of suspension; providing a payout
14 percentage; providing for a license fee;
15 providing for the distribution of income;
16 providing for weekly allocations; providing
17 penalties; creating s. 24.128, F.S.; providing
18 for the licensure of video lottery terminal
19 vendors; providing for emergency rules;
20 creating s. 24.129, F.S.; prohibiting certain
21 local zoning ordinances; creating s. 24.130,
22 F.S.; providing requirements for video lottery
23 terminals; creating s. 24.131, F.S.; requiring
24 video lottery terminal vendors to establish
25 training programs for employees who service
26 such terminals; requiring departmental approval
27 of such programs; providing certification
28 requirements for such employees; providing for
29 the adoption of rules; creating s. 24.132,
30 F.S.; requiring video lottery retailers to
31 execute certain agreements governing the

1 payment of purses and special thoroughbred
2 racing awards; requiring the remittance of
3 funds pursuant to such agreements; authorizing
4 the department to sanction certain breeders;
5 prohibiting the operation of video lottery
6 games in the absence of agreements; requiring
7 arbitration if agreements are not in place;
8 requiring the video lottery retailer to make
9 certain payments for the promotion of the
10 racing industry; creating s. 24.133, F.S.;
11 requiring operators of facilities where video
12 lottery games are conducted to post certain
13 signs regarding compulsive gambling; creating
14 s. 24.134, F.S.; providing compulsive gambling
15 programs; creating s. 24.136, F.S.; authorizing
16 a caterer's license for video lottery
17 retailers; creating s. 24.137, F.S.;
18 prohibiting video lottery retailers from
19 engaging in certain activities; creating s.
20 24.138, F.S.; providing for the exclusion of
21 certain persons from a retailer's premises;
22 creating s. 24.139, F.S.; requiring retailers
23 to provide office space for department
24 employees; amending s. 212.02, F.S.; excluding
25 video lottery terminals from the definition of
26 the term "coin-operated amusement machine" for
27 purposes of the sales and use tax; amending s.
28 551.102, F.S.; defining the term "nonredeemable
29 credits"; redefining the term "slot machine
30 revenues"; amending s. 551.103, F.S.; deleting
31 a requirement that the Division of Pari-mutuel

1 Wagering annually adjust the amount of the bond
2 supplied by a slot machine licensee;
3 establishing the annual amount of bond
4 required; providing for procedures for drug
5 testing; amending s. 551.104, F.S.; providing
6 for implementation of a drug-testing program;
7 amending s. 551.1045, F.S.; providing
8 procedures for temporary occupational licenses;
9 deleting provisions for temporary licensees to
10 be adopted within 180 days; amending s.
11 551.106, F.S.; establishing when payment of the
12 annual slot machine license fee must be made by
13 a licensee; providing for tax credits on slot
14 machine revenues; amending s. 551.107, F.S.;
15 authorizing the division to adopt rules to
16 create a single occupational license; providing
17 for validity; providing for additional
18 disciplinary actions; amending s. 551.109,
19 F.S.; exempting slot machine manufacturers and
20 distributors, certain educational facilities,
21 the division, and the Department of Law
22 Enforcement from certain prohibitions against
23 possessing slot machines at a place other than
24 the licensee's facility under certain
25 circumstances; authorizing agency rulemaking;
26 amending s. 551.114, F.S.; increasing the
27 number of slot machines a licensee may make
28 available for play; amending s. 551.116, F.S.;
29 increasing the hours that slot machine gaming
30 areas may be open upon local government
31 approval; amending s. 551.121, F.S.;

1 authorizing automatic teller machines in
2 certain areas of a pari-mutuel facility;
3 excluding check cashing in the designated slot
4 machine gaming areas; amending s. 849.15, F.S.;
5 clarifying the authority to legally ship slot
6 machines into the state under certain
7 circumstances; providing an appropriation and
8 authorizing additional positions; providing an
9 effective date.

10

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

12

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

15 24.103 Definitions.--As used in this act:

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

30 (8) "Video lottery terminal" means a machine or
31 device, including associated equipment that is required to

1 operate the machine or device upon which a video lottery game
2 is played or operated. A video lottery terminal may use
3 spinning reels or video displays or other similar technology
4 available now or in the future, as approved by the department.

5 A video lottery terminal is not a coin-operated amusement
6 machine as defined in s. 212.02(24) and does not include an
7 amusement game or machine as described in s. 849.161.

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

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

18 (11) "Video lottery retailer" means a pari-mutuel
19 permitholder under chapter 550 who holds a license to conduct
20 a full schedule of live races or games, as described in s.
21 550.002(11), between July 1, 2007, and June 30, 2008, or a
22 person who is authorized to receive broadcasts of horseraces
23 under s. 550.6308.

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

27 24.105 Powers and duties of department.--The
28 department shall:

29 (21) Have the capacity to support video lottery games
30 at facilities of video lottery retailers by January 1, 2008.

31

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

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

6 (24) Certify net terminal income of video lottery
7 retailers by inspecting records, conducting audits, or any
8 other reasonable means.

9 (25) Maintain a list of licensed video lottery
10 terminal vendors and a current list of all contracts between
11 video lottery terminal vendors and video lottery retailers.

12 (26) Approve an application for a video lottery
13 retailer within 90 days after receipt of the application. A
14 person meets all qualifications of licensure under this
15 section if the person has been licensed under chapter 550 and
16 meets the definition of a video lottery retailer under s.
17 24.103(11).

18 (27) Adopt procedures by rule for scientifically
19 testing and technically evaluating video lottery terminals for
20 compliance with this chapter. The department may contract with
21 an independent testing laboratory to scientifically test and
22 technically evaluate video lottery games, video lottery
23 terminals, and video lottery operating systems for compliance
24 with this chapter. The independent testing laboratory must
25 have a national reputation as demonstrably competent and
26 qualified to scientifically test and evaluate all components
27 of a video lottery gaming system and to otherwise perform all
28 functions assigned to it under this chapter. The laboratory
29 may not be owned or controlled by a video lottery terminal
30 vendor or video lottery terminal retailer. The selection of an
31 independent testing laboratory shall be made from a list of

1 one or more laboratories approved and licensed by the
2 department.

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 similar to rules
7 adopted under chapter 551, relating to:

8 (a) The regulation of video lottery retailers, video
9 lottery terminal vendors, video lottery games, and video
10 lottery products.

11 (b) Specifications for approving and authorizing video
12 lottery terminals in order to maintain the integrity of video
13 lottery games and terminals. The specifications may not limit
14 the number of video lottery terminal vendors who supply
15 terminals to fewer than four.

16 (c) Hearing and approving or disapproving video
17 lottery-related license applications, and enforcement
18 procedures related to suspension and revocation of licenses.

19 (d) The collection and disbursement of video lottery
20 revenue.

21 (e) The certification of net terminal income of video
22 lottery retailers.

23 (2) Initial rules to permit the operation of video
24 lotteries and the licensing of video lottery vendors shall be
25 adopted by January 1, 2008. The department may adopt emergency
26 rules under ss. 120.536(1) and 120.54(4) to implement this
27 section.

28 Section 4. Section 24.126, Florida Statutes, is
29 created to read:

30 24.126 Video lottery; minimum age.--

31

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

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

5
6 THE USE OF A VIDEO LOTTERY TERMINAL BY PERSONS
7 UNDER THE AGE OF 21 IS AGAINST FLORIDA LAW.
8 PROOF OF AGE IS REQUIRED FOR USE.

9
10 (3) Any person who violates this section commits a
11 misdemeanor of the second degree, punishable as provided in s.
12 775.082 or s. 775.083.

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

15 24.127 Video lottery games.--

16 (1) Video lottery games may be offered by a video
17 lottery retailer only at the pari-mutuel facility at which the
18 video lottery retailer is licensed to conduct pari-mutuel
19 wagering between July 1, 2007, and June 30, 2008, or at its
20 relocated licensed pari-mutuel facility if the relocation of
21 such facility has been approved by the Division of Pari-mutuel
22 Wagering pursuant to s. 550.0555. During any calendar year in
23 which a video lottery retailer maintains video lottery
24 terminals, the retailer must be licensed to conduct a full
25 schedule of live racing or games, as defined in s.
26 550.002(11), including the conduct of races or games under s.
27 550.475, or be authorized to receive broadcasts of horse races
28 under s. 550.6308. The department shall waive such
29 requirements upon a showing that the failure to conduct races
30 or games resulted from a natural disaster, strike, or other
31 acts beyond the control of the permitholder, including legal

1 restrictions or prohibitions placed on the permit holder's
2 activities. If the retailer does not comply with the
3 requirement to conduct a full schedule of races or games for
4 any other reason, the department shall order the retailer to
5 suspend its video lottery operation. The department may assess
6 an administrative fine, not to exceed \$5,000 per video lottery
7 terminal per day, against any retailer who does not suspend
8 its video lottery operation when ordered to do so by the
9 department. The department may enforce a suspension order or
10 administrative fine as provided in s. 120.69. Each video
11 lottery retailer shall post a bond payable to the state in an
12 amount determined by the department as sufficient to guarantee
13 the payment of revenue due in any payment period. The initial
14 bond prior to commencement of operations by the video lottery
15 retailer shall be \$2 million, issued by a surety approved by
16 the department, conditioned to make the payments to the
17 department. The bond shall be separate from the bond required
18 by s. 550.125.

19 (2) Each video lottery terminal retailer shall
20 determine the following pertaining to the video lottery
21 terminals located on its premises:

22 (a) Number of video lottery terminals, not to exceed
23 1,500 at any pari-mutuel facility;

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

30 (c) Mix of games available for play on video lottery
31 terminals;

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

3 (e) Location and movement of video lottery terminals
4 on the premises;

5 (f) Staffing of video lottery terminal operations on
6 the premises; and

7 (g) Minimum and maximum betting amounts and the
8 payout, based upon a suitable range, as determined by the
9 video lottery retailer, with a minimum of 85 percent of the
10 amount of currency, credits, vouchers, or anything of value
11 put into a video lottery terminal.

12 (3) Each video lottery terminal retailer shall notify
13 the department before commencing the initial operation of
14 video lottery games.

15 (4) To facilitate the auditing and security programs
16 that are critical to the integrity of the video lottery
17 system, the department shall have overall control of the
18 entire system. Each video lottery terminal shall be linked,
19 directly or indirectly, to a computer system operated by the
20 department or by a vendor contracting with the department.

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

24 (6) Upon submission of the initial application for a
25 video lottery retailer license and annually thereafter on the
26 anniversary date of the issuance of the initial license, the
27 licensee must pay a nonrefundable license fee of \$3 million to
28 the department. The license fee shall be deposited into the
29 Operating Trust Fund of the Department of Lottery to be used
30 by the department to administer this act.

31

1 (7) Income derived from video lottery operations is
2 not subject to s. 24.121. The allocation of net terminal
3 income derived from video lottery games shall be as follows:

4 (a) Fifty percent shall be remitted to the Operating
5 Trust Fund for transfer to the Education Enhancement Trust
6 Fund.

7 (b) Fifty-hundredths percent shall be paid by the
8 video lottery retailer to the department to administer and
9 regulate the operation of video lottery terminals. Funds in
10 excess of the department's administrative costs shall be
11 transferred to the Educational Enhancement Trust Fund.

12 (8) The allocation provided in subsection (7) shall be
13 made weekly. Amounts allocated shall be remitted to the
14 department by electronic transfer within 24 hours after the
15 allocation is determined.

16 (9) Any person who intentionally manipulates or
17 attempts to manipulate the outcome, payoff, or operation of a
18 video lottery terminal by physical or electronic tampering or
19 other means commits a felony of the third degree, punishable
20 as provided in s. 775.082, s. 775.083, or s. 775.084.

21 (10) Notwithstanding s. 24.115, each video lottery
22 retailer is responsible for payment of video lottery prizes.

23 (11) In the area or room in a facility in which a
24 video lottery terminal is placed, the video lottery retailer
25 shall also place video monitors displaying live races or games
26 being conducted in that facility. If live races or games are
27 not being conducted, any simulcast races or games that are
28 otherwise displayed in the facility shall be displayed. In
29 each area or room, the retailer shall also provide a means for
30 patrons to wager on pari-mutuel activity.

31

1 Section 6. Section 24.128, Florida Statutes, is
2 created to read:

3 24.128 Licensure of video lottery terminal
4 vendors.--Video lottery terminal vendors shall be licensed by
5 the department by October 1, 2007. The department may adopt
6 emergency rules under ss. 120.536(1) and 120.54(4) to
7 implement this section. The department may not license a
8 person as a video lottery terminal vendor who has an interest
9 in a video lottery retailer or a business relationship with a
10 video lottery retailer other than as a vendor or lessor of
11 video lottery terminals.

12 Section 7. Section 24.129, Florida Statutes, is
13 created to read:

14 24.129 Local zoning of pari-mutuel facilities.--The
15 installation, operation, or use of a video lottery on any
16 property where pari-mutuel operations were or would have been
17 lawful under any county or municipal zoning ordinance on July
18 1, 2006, does not change the character of the use of such
19 property. Such use is lawful and consistent with pari-mutuel
20 operations, and such use or the expansion or construction of
21 facilities to accommodate video lottery terminals on the
22 property is not subject to review or approval under land use,
23 zoning, or site plan review, or concurrency law, ordinance, or
24 regulation by any governmental entity.

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

27 24.130 Video lottery terminals.--
28 (1) Video lottery terminals may not be offered for use
29 or play in this state unless approved by the department.
30 (2) Each video lottery terminal approved for use in
31 this state must:

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

3 (b) Have one or more mechanisms that accept currency,
4 coins, tokens, vouchers, or anything of value in exchange for
5 game credits. Such mechanisms must be designed to prevent
6 players from obtaining currency, coins, tokens, vouchers, or
7 anything of value, or from obtaining game credits, by physical
8 tampering.

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

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

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

16 24.131 Video lottery terminal training program.--

17 (1) Each licensed video lottery terminal vendor shall
18 submit a training program for the service and maintenance of
19 terminals and equipment for approval by the department. The
20 training program must include an outline of the training
21 curriculum; a list of instructors and their qualifications; a
22 copy of the instructional materials; and the dates, times, and
23 location of training classes. A service and maintenance
24 program may not be held unless approved by the department.

25 (2) Each video lottery terminal service employee must
26 complete the requirements of the manufacturer's training
27 program before performing service, maintenance, or repairs on
28 video lottery terminals or associated equipment. Upon the
29 successful completion of the training program by an employee,
30 the department shall issue a certificate authorizing the
31 employee to service, maintain, and repair video lottery

1 terminals and associated equipment. A certificate of
2 completion may not be issued to a person until the department
3 determines that such person has completed the required
4 training. Before being certified as a video lottery terminal
5 service employee, a person must pass a background
6 investigation conducted by the department. The department may
7 revoke certification upon finding that a person is in
8 violation of this chapter or department rule.

9 (3) The department may adopt rules regarding the
10 training, qualifications, and certification of video lottery
11 terminal service employees.

12 Section 10. Section 24.132, Florida Statutes, is
13 created to read:

14 24.132 Video lottery retailer; agreements required.--

15 (1) A video lottery retailer who holds a permit under
16 chapter 550 to conduct pari-mutuel wagering meets of
17 thoroughbred racing may not conduct video lottery games unless
18 the retailer has on file with the division a binding written
19 agreement governing the payment of purses on live thoroughbred
20 races conducted at the retailer's pari-mutuel facility between
21 the retailer and the association representing a majority of
22 the thoroughbred racehorse owners and trainers at that
23 location. In addition, a video lottery retailer may not
24 conduct video lottery games unless it has on file with the
25 department a binding written agreement between it and the
26 Florida Thoroughbred Breeders' Association, Inc., governing
27 the payment of breeders', stallion, and special racing awards
28 on live thoroughbred races conducted at the retailer's
29 pari-mutuel facility.

30 (a) The agreement governing purses and the agreement
31 governing awards may direct the payment of such purses and

1 awards from revenues generated by any wagering or gaming that
2 the applicant is authorized to conduct.

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

8 (2) The department shall prohibit the operation of
9 video lottery games at a retailer's premises if an agreement
10 required under subsection (1) is terminated or otherwise
11 ceases to operate or if the department determines that the
12 retailer has materially failed to comply with the terms of an
13 agreement.

14 (3) If an agreement required under subsection (1) is
15 not in place, either party may request the American
16 Arbitration Association to furnish a list of 11 arbitrators,
17 each of whom shall have at least 5 years of commercial
18 arbitration experience and no financial interest in or prior
19 relationship with any of the parties or their affiliated or
20 related entities or principals. Each party to the agreement
21 shall select a single arbitrator from the list provided within
22 10 days after receipt of the list and the arbitrators selected
23 shall choose one additional arbitrator from the same list
24 within the next 10 days.

25 (a) If an agreement is not in place 60 days after the
26 request for a list of arbitrators, the matter shall be
27 immediately submitted for mandatory binding arbitration to
28 resolve the disagreement between the parties. The three
29 arbitrators selected shall constitute the panel that will
30 arbitrate the dispute between the parties pursuant to the
31

1 American Arbitration Association Commercial Arbitration Rules
2 and chapter 682.

3 (b) At the conclusion of the proceedings, which must
4 be within 90 days after requesting the list of arbitrators,
5 the arbitration panel shall present a proposed agreement to
6 the parties which the majority of the panel believes equitably
7 balances the rights, interests, obligations, and reasonable
8 expectations of the parties. The parties shall immediately
9 enter into such agreement, which shall satisfy the
10 requirements of subsection (1) and permit the conduct of video
11 lottery games by the video lottery retailer. The agreement is
12 effective until the last day of the license or renewal period
13 or until the parties enter into a different agreement. Each
14 party shall pay its respective costs of arbitration and
15 one-half of the costs of the arbitration panel unless the
16 parties have agreed otherwise. If the agreement remains in
17 place 120 days before the scheduled issuance of the next
18 annual license renewal, the arbitration process established in
19 this subsection shall begin again.

20 (c) If neither of the agreements required under
21 subsection (1) are in place, arbitration shall proceed
22 independently with separate lists of arbitrators, arbitration
23 panels, arbitration proceedings, and resulting agreements.

24 (d) Arbitration and the resulting agreement governing
25 the payment of purses under subsection (1) shall be limited to
26 the payment of purses from net terminal income only.

27 (4) A video lottery retailer who holds a limited
28 intertrack wagering license pursuant to s. 550.6308 shall make
29 the following payments for the promotion and welfare of the
30 thoroughbred racing industry:

31

1 (a) An amount equal to 12.5 of the net terminal income
2 shall be paid to thoroughbred pari-mutuel permitholders that
3 are licensed to conduct live races for purses. If more than
4 one permitholder is licensed to conduct live races during the
5 state thoroughbred racing season, the video lottery retailer
6 shall allocate these funds between the operating permitholders
7 on a pro rata basis based on the total live handle generated
8 during the previous racing season at the operating
9 permitholders' facilities. An amount equal to 7.5 percent of
10 the purse account generated under this paragraph shall be used
11 for Florida Owners' Awards pursuant to an agreement executed
12 by the permitholder, the Florida Thoroughbred Breeders'
13 Association, and the association representing a majority of
14 the thoroughbred racehorse owners and trainers at the
15 permitholder's facility. If an agreement is not reached 60
16 days before the commencement of the permitholder's racing
17 meet, the funds shall be used for overnight purses.

18 (b) An amount equal to 1.25 percent of the net
19 terminal income shall be paid for breeders', stallion, or
20 special racing awards. The Florida Thoroughbred Breeders'
21 Association may receive these payments from the video lottery
22 retailer and make payments of awards earned. The Florida
23 Thoroughbred Breeders' Association may withhold up to 10
24 percent of the permitholder's payments under this paragraph as
25 a fee for administering the payments of awards and for the
26 general promotion of the industry. The video lottery retailer
27 shall make weekly payments to the permitholders and to the
28 Florida Thoroughbred Breeders' Association at the same time it
29 remits its allocation to the department.

30 Section 11. Section 24.133, Florida Statutes, is
31 created to read:

1 24.133 Notice of availability of assistance for
2 compulsive gambling required.--

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

6
7 "IF YOU OR SOMEONE YOU KNOW HAS A GAMBLING
8 PROBLEM, HELP IS AVAILABLE, CALL
9 1-800-426-7711."

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

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

16 24.134 Compulsive gambling program.--

17 (1) The video lottery retailer shall offer training to
18 employees on responsible gaming and shall work with a
19 compulsive gambling prevention program to recognize problem
20 gaming situations and to implement responsible gaming programs
21 and practices.

22 (2) The department shall, subject to competitive
23 bidding, contract for the provision of services related to the
24 prevention of compulsive gambling. The contract shall provide
25 for an advertising program to encourage responsible gaming
26 practices and to publicize a gambling telephone help line.
27 Such advertisements must be made both publicly and inside the
28 gaming areas of the video lottery retailers' facilities. The
29 terms of any contract for the provision of such services shall
30 include accountability standards that must be met by any
31 private provider. The failure of any private provider to meet

1 any material terms of the contract, including the
2 accountability standards, shall constitute a breach of
3 contract or grounds for nonrenewal.

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 that provides
22 credit or dispenses cash in the area where video lottery
23 terminal gaming may be conducted pursuant to this chapter nor
24 may such retailer make loans, provide credit, or advance cash
25 to enable a person to play a video lottery terminal. However,
26 automated ticket redemption machines that dispense cash for
27 the redemption of tickets may be located in such areas.

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

31

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

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

27 24.139 Department office space.--A video lottery
28 terminal retailer shall provide adequate office space at no
29 cost to the department for the oversight of video lottery
30 terminal operations. The department shall adopt rules
31 establishing the criteria for adequate space, configuration,

1 and needed electronic and technological requirements for
2 office space required by this section.

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

5 212.02 Definitions.--The following terms and phrases
6 when used in this chapter have the meanings ascribed to them
7 in this section, except where the context clearly indicates a
8 different meaning:

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

18 Section 18. Present subsections (6) through (12) of
19 section 551.102, Florida Statutes, are redesignated as
20 subsections (7) through (13), respectively, a new subsection
21 (6) is added to that section, and present subsection (12) of
22 that section is amended, to read:

23 551.102 Definitions.--As used in this chapter, the
24 term:

25 (6) "Nonredeemable credits" means slot machine
26 operating credits that cannot be redeemed for cash or any
27 other thing of value by a slot machine, kiosk, or the slot
28 machine licensee and that are provided free of charge to
29 patrons. Such credits do not constitute "nonredeemable
30 credits" until such time as they are metered as credit into a
31

1 slot machine and recorded in the facility-based monitoring
2 system.

3 ~~(13)~~~~(12)~~ "Slot machine revenues" means the total of
4 all cash and property, except nonredeemable credits, received
5 by the slot machine licensee from the operation of slot
6 machines less the amount of cash, cash equivalents, credits,
7 and prizes paid to winners of slot machine gaming.

8 Section 19. Paragraph (f) of subsection (1) of section
9 551.103, Florida Statutes, is amended, and paragraph (j) is
10 added to that subsection, to read:

11 551.103 Powers and duties of the division and law
12 enforcement.--

13 (1) The division shall adopt, pursuant to the
14 provisions of ss. 120.536(1) and 120.54, all rules necessary
15 to implement, administer, and regulate slot machine gaming as
16 authorized in this chapter. Such rules must include:

17 (f) Procedures for requiring each licensee at his or
18 her own cost and expense to supply the division with a bond
19 having the penal sum of \$2 million payable to the Governor and
20 his or her successors in office for each year of the
21 licensee's ~~first year of~~ slot machine operations. ~~Annually~~
22 ~~thereafter, the licensee shall file a bond having a penal sum~~
23 ~~that is determined each year by the division pursuant to rules~~
24 ~~adopted by the division and that approximates the anticipated~~
25 ~~state revenues from the licensee's slot machine operation;~~
26 ~~however, the bond may not in any case be less than \$2 million.~~
27 Any bond shall be issued by a surety or sureties approved by
28 the division and the Chief Financial Officer, conditioned to
29 faithfully make the payments to the Chief Financial Officer in
30 his or her capacity as treasurer of the division. The licensee
31 shall be required to keep its books and records and make

1 reports as provided in this chapter and to conduct its slot
2 machine operations in conformity with this chapter and all
3 other provisions of law. Such bond shall be separate and
4 distinct from the bond required in s. 550.125.

5 (j) Procedures for requiring slot machine licensees to
6 implement and establish drug-testing programs for all slot
7 machine occupational licensees.

8 Section 20. Paragraph (i) of subsection (4) of section
9 551.104, Florida Statutes, is amended to read:

10 551.104 License to conduct slot machine gaming.--

11 (4) As a condition of licensure and to maintain
12 continued authority for the conduct of slot machine gaming,
13 the slot machine licensee shall:

14 (i) Create and file with the division a written policy
15 for:

16 1. Creating opportunities to purchase from vendors in
17 this state, including minority vendors.

18 2. Creating opportunities for employment of residents
19 of this state, including minority residents.

20 3. Ensuring opportunities for construction services
21 from minority contractors.

22 4. Ensuring that opportunities for employment are
23 offered on an equal, nondiscriminatory basis.

24 5. Training for employees on responsible gaming and
25 working with a compulsive or addictive gambling prevention
26 program to further its purposes as provided for in s. 551.118.

27 6. The implementation of a drug-testing program that
28 includes, but is not limited to, requiring each employee to
29 sign an agreement that he or she understands that the slot
30 machine facility is a drug-free workplace.

31

1 The slot machine licensee shall use the Internet-based
2 job-listing system of the Agency for Workforce Innovation in
3 advertising employment opportunities. Beginning in June 2007,
4 each slot machine licensee shall provide an annual report to
5 the division containing information indicating compliance with
6 this paragraph in regard to minority persons.

7 Section 21. Section 551.1045, Florida Statutes, is
8 amended to read:

9 551.1045 Temporary licenses.--

10 (1) Notwithstanding any provision of s. 120.60 to the
11 contrary, the division may issue a temporary occupational
12 license upon the receipt of a complete application from the
13 applicant and a determination if the applicant has not been
14 convicted of or had adjudication withheld on any disqualifying
15 criminal offense. The temporary occupational license remains
16 valid until such time as the division grants an occupational
17 license or notifies the applicant of its intended decision to
18 deny the applicant a license pursuant to the provisions of s.
19 120.60. The division shall adopt rules to administer this
20 subsection. However, not more than one temporary license may
21 be issued for any person in any year.

22 ~~(1)(a) After 180 days following the effective date of~~
23 ~~this act, if the division has not adopted rules to implement~~
24 ~~the provisions of this chapter that allow for the issuance of~~
25 ~~slot machine licenses within such 180 days, the division shall~~
26 ~~issue a temporary slot machine license to an applicant if the~~
27 ~~applicant holds a valid pari mutuel permit in good standing~~
28 ~~under chapter 550, the applicant's ownership interests have~~
29 ~~been previously approved as provided in chapter 550, and the~~
30 ~~applicant has conducted live racing or games during the~~
31 ~~calendar years 2002 and 2003 and has paid the license fee~~

1 ~~provided in s. 551.106(1). The slot machine license will~~
2 ~~permit the licensee to conduct slot machine gaming in the~~
3 ~~designated slot machine gaming areas of the eligible facility.~~

4 ~~(b) The temporary license is valid until the division~~
5 ~~has adopted rules implementing the provisions of this chapter~~
6 ~~and taken final action on the filed application under its~~
7 ~~final adopted rules. Once the division has adopted rules~~
8 ~~implementing the provisions of this chapter, it shall complete~~
9 ~~review of any filed application and shall issue a license~~
10 ~~under s. 551.104 if the licensee meets the requirements of~~
11 ~~this chapter and rules adopted by the division.~~

12 ~~(2)(a) A manufacturer or distributor of slot machines~~
13 ~~who has applied for a license under s. 551.107 shall be issued~~
14 ~~a temporary business occupational license if it holds a valid~~
15 ~~license to manufacture or distribute slot machines in a state~~
16 ~~where gaming is lawful.~~

17 ~~(b) The temporary license is valid until the division~~
18 ~~has adopted rules implementing the provisions of this chapter~~
19 ~~and taken final action on the filed application under its~~
20 ~~final adopted rules. Once the division has adopted rules~~
21 ~~implementing the provisions of this chapter, it shall complete~~
22 ~~review of any filed application and shall issue a license~~
23 ~~under s. 551.107 if the licensee meets the requirements of~~
24 ~~this chapter and rules adopted by the division.~~

25 ~~(2)(3) A temporary license issued under this section~~
26 ~~is nontransferable. Any temporary license issued under this~~
27 ~~section shall be valid during the pendency of any challenge to~~
28 ~~the rules.~~

29 Section 22. Paragraph (a) of subsection (1) of section
30 551.106, Florida Statutes, is amended to read:

31 551.106 License fee; tax rate; penalties.--

1 (1) LICENSE FEE.--

2 (a) Upon submission of the initial application for a
3 slot machine license and annually thereafter, upon the
4 anniversary date of the issuance of the initial license
5 ~~submission of an application for renewal of the slot machine~~
6 ~~license~~, the licensee must pay to the division a nonrefundable
7 license fee of \$3 million for the succeeding 12 months of
8 licensure. The license fee shall be deposited into the
9 Pari-mutuel Wagering Trust Fund of the Department of Business
10 and Professional Regulation to be used by the division and the
11 Department of Law Enforcement for investigations, regulation
12 of slot machine gaming, and enforcement of slot machine gaming
13 provisions under this chapter. These payments shall be
14 accounted for separately from taxes or fees paid pursuant to
15 the provisions of chapter 550.

16 Section 23. Effective January 1, 2008, present
17 subsections (3), (4), and (5) of section 551.106, Florida
18 Statutes, are redesignated as subsections (4), (5), and (6),
19 respectively, and a new subsection (3) is added to that
20 section, to read:

21 551.106 License fee; tax rate; penalties.--

22 (3) TAX CREDITS ON SLOT MACHINE REVENUES.--Each slot
23 machine licensee shall receive in the current state fiscal
24 year a tax credit equal to the amount paid by the licensee in
25 the previous state fiscal year to the local government
26 according to any slot revenue sharing agreements made with the
27 local government where the slot machine licensee is located.
28 This tax credit shall be applicable against the taxes
29 otherwise due and payable to the state under subsection (2).
30 The total amount of the tax credit may not exceed 3.7 percent
31

1 of the total taxes paid to the division under this section in
2 the previous state fiscal year.

3 Section 24. Subsection (2) and paragraph (b) of
4 subsection (4) of section 551.107, Florida Statutes, are
5 amended, and subsections (9), (10), and (11) are added to that
6 section, to read:

7 551.107 Slot machine occupational license; findings;
8 application; fee.--

9 (2)(a) The following slot machine occupational
10 licenses shall be issued to persons or entities that, by
11 virtue of the positions they hold, might be granted access to
12 slot machine gaming areas or to any other person or entity in
13 one of the following categories:

14 1. General occupational licenses for general
15 employees, including food service, maintenance, and other
16 similar service and support employees having access to the
17 slot machine gaming area.

18 2. Professional occupational licenses for any person,
19 proprietorship, partnership, corporation, or other entity that
20 is authorized by a slot machine licensee to manage, oversee,
21 or otherwise control daily operations as a slot machine
22 manager, a floor supervisor, security personnel, or any other
23 similar position of oversight of gaming operations, or any
24 person who is not an employee of the slot machine licensee and
25 who provides maintenance, repair, or upgrades or otherwise
26 services a slot machine or other slot machine equipment.

27 3. Business occupational licenses for any slot machine
28 management company or company associated with slot machine
29 gaming, any person who manufactures, distributes, or sells
30 slot machines, slot machine paraphernalia, or other associated
31 equipment to slot machine licensees, any company that sells or

1 provides goods or services associated with slot machine gaming
2 to slot machine licensees, ~~or any person not an employee of~~
3 ~~the slot machine licensee who provides maintenance, repair, or~~
4 ~~upgrades or otherwise services a slot machine or other slot~~
5 ~~machine equipment.~~

6 (b) The division may issue one license to combine
7 licenses under this section with pari-mutuel occupational
8 licenses and cardroom licenses pursuant to s. 550.105(2)(d).
9 The division shall adopt rules pertaining to occupational
10 licenses under this subsection. Such rules may specify, but
11 need not be limited to, requirements and restrictions for
12 licensed occupations and categories, procedures to apply for
13 any license or combination of licenses, disqualifying criminal
14 offenses for a licensed occupation or categories of
15 occupations, and which types of occupational licenses may be
16 combined into single license under this section. The
17 fingerprinting requirements of subsection (7) apply to any
18 combination license that includes slot machine license
19 privileges under this section. The division may not adopt a
20 rule allowing the issuance of an occupational license to any
21 person who does not meet the minimum background qualifications
22 under this section.

23 ~~(b) Notwithstanding any provision of law to the~~
24 ~~contrary, a pari mutuel occupational licensee holding a~~
25 ~~currently valid pari mutuel occupational license is eligible~~
26 ~~to act as a slot machine occupational licensee upon the~~
27 ~~effective date of this act until such time as rules have been~~
28 ~~adopted and such pari mutuel occupational licensee has been~~
29 ~~provided a reasonable opportunity to comply with the rules.~~

30 (c) Slot machine occupational licenses are not
31 transferable.

1 (4)

2 (b) A slot machine license or combination license is
3 valid for the same term as a pari-mutuel occupational license
4 issued pursuant to s. 550.105(1). ~~The division shall~~
5 ~~establish, by rule, a schedule for the annual renewal of slot~~
6 ~~machine occupational licenses.~~

7 (9) The division may deny, revoke, or suspend any
8 occupational license if the applicant or holder of the license
9 accumulates unpaid obligations, defaults in obligations, or
10 issues drafts or checks that are dishonored or for which
11 payment is refused without reasonable cause.

12 (10) The division may fine or suspend, revoke, or
13 place conditions upon the license of any licensee who provides
14 false information under oath regarding an application for a
15 license or an investigation by the division.

16 (11) The division may impose a civil fine of up to
17 \$5,000 for each violation of this chapter or the rules of the
18 division in addition to or in lieu of any other penalty
19 provided for in this section. The division may adopt a penalty
20 schedule for violations of this chapter or any rule adopted
21 pursuant to this chapter for which it would impose a fine in
22 lieu of a suspension and adopt rules allowing for the issuance
23 of citations, including procedures to address such citations,
24 to persons who violate such rules. In addition to any other
25 penalty provided by law, the division may exclude from all
26 licensed slot machine facilities in this state, for a period
27 not to exceed the period of suspension, revocation, or
28 ineligibility, any person whose occupational license
29 application has been declared ineligible to hold an
30 occupational license, or whose occupational license has been
31 suspended or revoked by the division.

1 Section 25. Subsection (2) of section 551.109, Florida
2 Statutes, is amended to read:

3 551.109 Prohibited acts; penalties.--

4 (2) Except as otherwise provided by law and in
5 addition to any other penalty, any person who possesses a slot
6 machine without the license required by this chapter or who
7 possesses a slot machine at any location other than at the
8 slot machine licensee's facility is subject to an
9 administrative fine or civil penalty of up to \$10,000 per
10 machine. The prohibition in this subsection does not apply to:

11 (a) Slot machine manufacturers or slot machine
12 distributors that hold appropriate licenses issued by the
13 division who are authorized to maintain a slot machine storage
14 and maintenance facility at any location in a county in which
15 slot machine gaming is authorized by this chapter. The
16 division may adopt rules regarding security and access to the
17 storage facility and inspections by the division.

18 (b) Certified educational facilities that are
19 authorized to maintain slot machines for the sole purpose of
20 education and licensure, if any, of slot machine technicians,
21 inspectors or investigators. The division and the Department
22 of Law Enforcement may possess slot machines for training and
23 testing purposes. The division may adopt rules regarding the
24 regulation of any such slot machines used for educational,
25 training, or testing purposes.

26 Section 26. Subsection (1) of section 551.114, Florida
27 Statutes, is amended to read:

28 551.114 Slot machine gaming areas.--

29 (1) A slot machine licensee may make available for
30 play up to 2,500 ~~1,500~~ slot machines within the property of
31 the facilities of the slot machine licensee.

1 Section 27. Section 551.116, Florida Statutes, is
2 amended to read:

3 551.116 Days and hours of operation.--Slot machine
4 gaming areas may be open daily throughout the year. The slot
5 machine gaming areas may be open for a maximum of 16 hours per
6 day, except that the hours of operation may be extended by
7 majority vote of the governing body of the municipality where
8 the slot machine facility is located or the governing body of
9 the county if the slot machine facility is not located in a
10 municipality.

11 Section 28. Section 551.121, Florida Statutes, is
12 amended to read:

13 551.121 Prohibited activities and devices;
14 exceptions.--

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

20 (2) A slot machine licensee may not make any loan,
21 provide credit, or advance cash in order to enable a person to
22 play a slot machine. This subsection shall not prohibit
23 automated ticket redemption machines that dispense cash
24 resulting from the redemption of tickets from being located in
25 the designated slot machine gaming area of the slot machine
26 licensee.

27 (3) A slot machine licensee may not allow any
28 automated teller machine or similar device designed to provide
29 credit or dispense cash to be located within the designated
30 slot machine gaming areas of a facility of a facilities of the
31 slot machine licensee.

1 (4) A slot machine licensee may not accept or cash any
2 personal, third-party, corporate, business, or
3 government-issued check from any person within the designated
4 slot machine gaming areas of a facility of a slot machine
5 licensee.

6 (5) A slot machine, or the computer operating system
7 linking the slot machine, may ~~not~~ be linked by any means to
8 any other slot machine or computer operating system of another
9 slot machine licensee. A progressive system may ~~not~~ be used in
10 conjunction with slot machines within or between licensed
11 facilities.

12 (6) A slot machine located within a licensed facility
13 shall accept only tickets or paper currency or an electronic
14 payment system for wagering and return or deliver payouts to
15 the player in the form of tickets that may be exchanged for
16 cash, merchandise, or other items of value. The use of coins,
17 credit or debit cards, tokens, or similar objects is
18 specifically prohibited. However, an electronic credit system
19 may be used for receiving wagers and making payouts.

20 Section 29. Subsection (2) of section 849.15, Florida
21 Statutes, is amended to read:

22 849.15 Manufacture, sale, possession, etc., of
23 coin-operated devices prohibited.--

24 (2) Pursuant to section 2 of that chapter of the
25 Congress of the United States entitled "An act to prohibit
26 transportation of gaming devices in interstate and foreign
27 commerce," approved January 2, 1951, being ch. 1194, 64 Stat.
28 1134, and also designated as 15 U.S.C. ss. 1171-1177, the
29 State of Florida, acting by and through the duly elected and
30 qualified members of its Legislature, does hereby in this
31 section, and in accordance with and in compliance with the

1 provisions of section 2 of such chapter of Congress, declare
2 and proclaim that any county of the State of Florida within
3 which slot machine gaming is authorized pursuant to chapter
4 551 is exempt from the provisions of section 2 of that chapter
5 of the Congress of the United States entitled "An act to
6 prohibit transportation of gaming devices in interstate and
7 foreign commerce," designated as 15 U.S.C. ss. 1171-1177,
8 approved January 2, 1951. All shipments of gaming devices,
9 including slot machines, into any county of this state within
10 which slot machine gaming is authorized pursuant to chapter
11 551 and the registering, recording, and labeling of which have
12 been duly performed by the manufacturer or distributor thereof
13 in accordance with sections 3 and 4 of that chapter of the
14 Congress of the United States entitled "An act to prohibit
15 transportation of gaming devices in interstate and foreign
16 commerce," approved January 2, 1951, being ch. 1194, 64 Stat.
17 1134, and also designated as 15 U.S.C. ss. 1171-1177, shall be
18 deemed legal shipments thereof into this state ~~any such county~~
19 provided the destination of such shipments is an eligible
20 facility as defined in s. 551.102 or the facility of a slot
21 machine manufacturer or slot machine distributor as provided
22 in s. 551.109(2)(a).

23 Section 30. For the 2007-2008 fiscal year, the sum of
24 \$10 million in recurring funds is appropriated from the
25 Operating Trust Fund in the Department of Lottery and 24
26 full-time equivalent positions and associated salary rate of
27 1,276,000 is authorized to implement the provisions of this
28 act.

29 Section 31. This act shall take effect upon becoming a
30 law.
31

1 STATEMENT OF SUBSTANTIAL CHANGES CONTAINED IN
2 COMMITTEE SUBSTITUTE FOR
3 CS/CS/SB 2434
4 Revises the definition of "video lottery retailer."
5 Changes the date by which the Department of Lottery is
6 required to have video lottery games in facilities from
7 October 1, 2007, to January 1, 2008.
8 Amends the date by which the Department of Lottery is required
9 to adopt rules for permitting video lotteries and licensing
10 video lottery vendors from July 1, 2007, to January 1, 2008,
11 and allows the department to adopt emergency rules to
12 implement said provisions.
13 Provides for an annual, nonrefundable \$3 million application
14 fee for video lottery retailer applicants, and provides that
15 the funds will be used to support the costs to administer the
16 program within the Department of Lottery.
17 Changes the date of licensure of video lottery terminal
18 vendors from July 1, 2007, to October 1, 2007.
19 Deletes the provision requiring the Department of Children and
20 Family Services to administer a compulsive gambling prevention
21 program.
22 Requires the Department of Lottery to contract for compulsive
23 gambling prevention services and for advertising to encourage
24 responsible gaming practices and to publicize a gambling
25 telephone help line.
26 Adds CS for CS for SB 1038 & 218 as it relates to slot
27 machines.
28 Provides tax credits on slot machine revenues which may not
29 exceed 3.7% of the total taxes paid.
30 Increases the number of slot machines available per licensee
31 from 1,500 to 2,500.
32 Appropriates \$10 million and 24 full time positions to the
33 Department of Lottery to administer the provisions of the
34 bill.
35 Makes technical and conforming changes.