

1                   A bill to be entitled  
 2           An act relating to slot machines and slot machine  
 3           components; amending s. 551.103, F.S.; requiring the  
 4           Division of Pari-mutuel Wagering within the Department  
 5           of Business and Professional Regulation to adopt rules  
 6           regulating slot machines and providing specifications  
 7           for the internal components of slot machines;  
 8           requiring that the division adopt specifications and  
 9           procedures to ensure random probabilities of winning  
 10          plays and provide for the operation of random-number  
 11          generators; amending s. 551.104, F.S.; deleting  
 12          obsolete provisions; clarifying duties of a slot  
 13          machine licensee to conform to changes made by the  
 14          act; amending s. 551.121, F.S.; prohibiting a slot  
 15          machine's random-number generator from serving more  
 16          than one station or terminal where an individual  
 17          player places his or her wagers; providing for  
 18          progressive jackpot payouts; providing an effective  
 19          date.

20  
 21 Be It Enacted by the Legislature of the State of Florida:

22  
 23           Section 1. Subsection (1) of section 551.103, Florida  
 24           Statutes, is amended to read:

25           551.103 Powers and duties of the division and law  
 26           enforcement.—

27           (1) The division shall adopt, pursuant to ~~the provisions~~  
 28           of ss. 120.536(1) and 120.54, all rules necessary to ~~implement,~~

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29 administer, and regulate slot machines and slot machine gaming  
30 as authorized in this chapter. The ~~Such~~ rules must include:

31 (a) Procedures for applying for a slot machine license and  
32 renewal of a slot machine license.

33 (b) Technical requirements and the qualifications  
34 contained in this chapter that are necessary to receive a slot  
35 machine license or slot machine occupational license.

36 (c) Procedures to scientifically test and technically  
37 evaluate slot machines, including all components, hardware, and  
38 software for slot machines, for compliance with this chapter.

39 The division may contract with an independent testing laboratory  
40 to conduct any necessary testing under this section. The  
41 independent testing laboratory must have a national reputation  
42 and be ~~which is~~ demonstrably competent and qualified to  
43 scientifically test and evaluate slot machines for compliance  
44 with this chapter and to otherwise perform the functions  
45 assigned to it in this chapter. An independent testing  
46 laboratory may ~~shall~~ not be owned or controlled by a licensee.  
47 The use of an independent testing laboratory for any purpose  
48 related to the conduct of slot machine gaming by a licensee  
49 under this chapter shall be made from a list of one or more  
50 laboratories approved by the division.

51 (d) Procedures relating to slot machine revenues,  
52 including verifying and accounting for such revenues, auditing,  
53 and collecting taxes and fees consistent with this chapter.

54 (e) Procedures for regulating, managing, and auditing the  
55 operation, financial data, and program information relating to  
56 slot machine gaming which ~~that~~ allow the division and the

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57 Department of Law Enforcement to audit the operation, financial  
58 data, and program information of a slot machine licensee, as  
59 required by the division or the Department of Law Enforcement,  
60 and provide the division and the Department of Law Enforcement  
61 with the ability to monitor, at any time on a real-time basis,  
62 wagering patterns, payouts, tax collection, and compliance with  
63 any rules adopted by the division for the regulation ~~and control~~  
64 of slot machines operated under this chapter. The ~~Such~~  
65 continuous and complete access, at any time on a real-time  
66 basis, shall include the ability of either the division or the  
67 Department of Law Enforcement to suspend play immediately on  
68 particular slot machines if monitoring of the facilities-based  
69 computer system indicates possible tampering or manipulation of  
70 those slot machines or the ability to suspend play immediately  
71 of the entire operation if the tampering or manipulation is of  
72 the computer system itself. The division shall notify the  
73 Department of Law Enforcement or the Department of Law  
74 Enforcement shall notify the division, as appropriate, whenever  
75 there is a suspension of play under this paragraph. The division  
76 and the Department of Law Enforcement shall exchange the ~~such~~  
77 information necessary for and cooperate in the investigation of  
78 the circumstances requiring suspension of play under this  
79 paragraph.

80 (f) Procedures for requiring each licensee at his or her  
81 own cost and expense to supply the division with a bond having  
82 the penal sum of \$2 million payable to the Governor and his or  
83 her successors in office for each year of the licensee's slot  
84 machine operations. The ~~Any~~ bond shall be issued by a surety or

85 sureties approved by the division and the Chief Financial  
 86 Officer, conditioned to faithfully make the payments to the  
 87 Chief Financial Officer in his or her capacity as treasurer of  
 88 the division. The licensee shall ~~be required to~~ keep its books  
 89 and records and make reports as provided in this chapter and ~~to~~  
 90 conduct its slot machine operations in conformity with this  
 91 chapter and all other provisions of law. The ~~Such~~ bond shall be  
 92 separate and distinct from the bond required in s. 550.125.

93 (g) Procedures for requiring licensees to maintain  
 94 specified records and submit any data, information, record, or  
 95 report, including financial and income records, required by this  
 96 chapter or determined by the division to be necessary to the  
 97 proper implementation and enforcement of this chapter.

98 (h) A requirement that the payout percentage of a slot  
 99 machine be no less than 85 percent.

100 (i) Minimum standards for security of the facilities,  
 101 including floor plans, security cameras, and other security  
 102 equipment.

103 (j) Procedures for requiring slot machine licensees to  
 104 implement and establish drug-testing programs for all slot  
 105 machine occupational licensees.

106 (k) Specifications of the required internal components for  
 107 a slot machine, including the location, configuration, and  
 108 function of the components, and the operating requirements for  
 109 all hardware and software.

110 (l) Procedures and specifications for slot machines to  
 111 ensure the random probabilities of winning plays and the  
 112 specifications for the operation of the random-number generator

113 of each slot machine.

114 Section 2. Subsection (4) of section 551.104, Florida  
 115 Statutes, is amended to read:

116 551.104 License to conduct slot machine gaming.—

117 (4) As a condition of licensure and to maintain continued  
 118 authority for the conduct of slot machine gaming, the slot  
 119 machine licensee shall:

120 (a) Continue to be in compliance with this chapter.

121 (b) Continue to be in compliance with chapter 550, where  
 122 applicable, and maintain the pari-mutuel permit and license in  
 123 good standing pursuant to the provisions of chapter 550.

124 ~~Notwithstanding any contrary provision of law and in order to~~  
 125 ~~expedite the operation of slot machines at eligible facilities,~~  
 126 ~~any eligible facility shall be entitled within 60 days after the~~  
 127 ~~effective date of this act to amend its 2006-2007 pari-mutuel~~  
 128 ~~wagering operating license issued by the division under ss.~~  
 129 ~~550.0115 and 550.01215. The division shall issue a new license~~  
 130 ~~to the eligible facility to effectuate any approved change.~~

131 (c) Conduct no fewer than a full schedule of live racing  
 132 or games as defined in s. 550.002(11). A permitholder's  
 133 responsibility to conduct such number of live races or games  
 134 shall be reduced by the number of races or games that could not  
 135 be conducted due to the direct result of fire, war, hurricane,  
 136 or other disaster or event beyond the control of the  
 137 permitholder.

138 (d) Upon approval of any changes relating to the pari-  
 139 mutuel permit by the division, be responsible for providing  
 140 appropriate current and accurate documentation on a timely basis

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141 to the division in order to continue the slot machine license in  
142 good standing. Changes in ownership or interest of a slot  
143 machine license of 5 percent or more of the stock or other  
144 evidence of ownership or equity in the slot machine license or  
145 any parent corporation or other business entity that in any way  
146 owns or controls the slot machine license must ~~shall~~ be approved  
147 by the division before the ~~prior to such~~ change, unless the  
148 owner is an existing holder of that license who was previously  
149 approved by the division. Changes in ownership or interest of a  
150 slot machine license of less than 5 percent, unless such change  
151 results in a cumulative total of 5 percent or more, shall be  
152 reported to the division within 20 days after the change. The  
153 division may then conduct an investigation to ensure that the  
154 license is properly updated to show the change in ownership or  
155 interest. Reporting ~~No reporting~~ is not required if the person  
156 holds ~~is holding~~ 5 percent or less equity or securities of a  
157 corporate owner of the slot machine licensee that has its  
158 securities registered pursuant to s. 12 of the Securities  
159 Exchange Act of 1934, 15 U.S.C. ss. 78a-78kk, and if such  
160 corporation or entity files with the United States Securities  
161 and Exchange Commission the reports required by s. 13 of that  
162 act or if the securities of the corporation or entity are  
163 regularly traded on an established securities market in the  
164 United States. A change in ownership or interest of less than 5  
165 percent which results in a cumulative ownership or interest of 5  
166 percent or more must ~~shall~~ be approved by the division before  
167 the ~~prior to such~~ change unless the owner is an existing holder  
168 of the license who was previously approved by the division.

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169 (e) Allow the division and the Department of Law  
170 Enforcement unrestricted access to and right of inspection of  
171 facilities of a slot machine licensee in which any activity  
172 relative to the conduct of slot machine gaming is conducted.

173 (f) Ensure that the facilities-based computer system that  
174 the licensee will use for operational and accounting functions  
175 of the slot machine facility is specifically structured to  
176 facilitate regulatory oversight. The facilities-based computer  
177 system shall be designed to provide the division and the  
178 Department of Law Enforcement with the ability to monitor, at  
179 any time on a real-time basis, the wagering patterns, payouts,  
180 tax collection, and such other operations as necessary to  
181 determine whether the facility is in compliance with statutory  
182 provisions and rules adopted by the division for the regulation  
183 and control of slot machine gaming. The division and the  
184 Department of Law Enforcement shall have complete and continuous  
185 access to this system. Such access shall include the ability of  
186 either the division or the Department of Law Enforcement to  
187 suspend play immediately on particular slot machines if  
188 monitoring of the system indicates possible tampering or  
189 manipulation of those slot machines or the ability to suspend  
190 play immediately of the entire operation if the tampering or  
191 manipulation is of the computer system itself. The computer  
192 system shall be reviewed and approved by the division to ensure  
193 necessary access, security, and functionality. The division may  
194 adopt rules to provide for the approval process.

195 (g) Ensure that each slot machine is protected from  
196 manipulation or tampering ~~to affect the random probabilities of~~

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197 ~~winning plays~~. The division or the Department of Law Enforcement  
 198 has ~~shall have~~ the authority to suspend play upon reasonable  
 199 suspicion of any manipulation or tampering. When play has been  
 200 suspended on any slot machine, the division or the Department of  
 201 Law Enforcement may examine the ~~any~~ slot machine to determine  
 202 whether the machine has been tampered with or manipulated and  
 203 whether the machine should be returned to operation.

204 (h) Submit a security plan, including the facilities'  
 205 floor plan, the locations of security cameras, and a listing of  
 206 all security equipment that is capable of observing and  
 207 electronically recording activities being conducted in the  
 208 facilities of the slot machine licensee. The security plan must  
 209 meet the minimum security requirements as determined by the  
 210 division under s. 551.103(1)(i) and be implemented before the  
 211 ~~prior to~~ operation of slot machine gaming. The slot machine  
 212 licensee's facilities must adhere to the security plan at all  
 213 times. Any changes to the security plan must be submitted by the  
 214 licensee to the division before the plan is implemented ~~prior to~~  
 215 ~~implementation~~. The division shall furnish copies of the  
 216 security plan and changes in the plan to the Department of Law  
 217 Enforcement.

218 (i) Create and file with the division a written policy  
 219 for:

- 220 1. Creating opportunities to purchase from vendors in this
- 221 state, including minority vendors.
- 222 2. Creating opportunities for employment of residents of
- 223 this state, including minority residents.
- 224 3. Ensuring opportunities for construction services from



225 minority contractors.

226 4. Ensuring that opportunities for employment are offered  
227 on an equal, nondiscriminatory basis.

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

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

235

236 The slot machine licensee shall use the Internet-based job-  
237 listing system of the Department of Economic Opportunity in  
238 advertising employment opportunities. ~~Beginning in June 2007,~~  
239 Each slot machine licensee shall provide an annual report to the  
240 division containing information indicating compliance with this  
241 paragraph in regard to minority persons.

242 (j) Ensure that the payout percentage of a slot machine  
243 gaming facility is at least 85 percent.

244 Section 3. Subsection (5) of section 551.121, Florida  
245 Statutes, is amended to read:

246 551.121 Prohibited activities and devices; exceptions.—

247 (5) A slot machine's random-number generator may not serve  
248 more than one station or terminal where an individual player  
249 places his or her wagers. However, a slot machine, or the  
250 computer operating system linking the slot machine, may be  
251 linked by any means to any other slot machine or computer  
252 operating system within the facility of a slot machine licensee

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253 | for progressive jackpot payouts. A progressive system may be  
254 | used in conjunction with slot machines between licensed  
255 | facilities in Florida or in other jurisdictions.

256 |       Section 4. This act shall take effect upon becoming a law.