By Senator Rodriguez

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A bill to be entitled An act relating to state lotteries; amending s. 20.317, F.S.; deleting a provision requiring the compensation of the Secretary of the Department of the Lottery to be set annually by the Governor; amending s. 24.103, F.S.; defining terms; revising the definition of the term "major procurement"; amending s. 24.105, F.S.; revising and providing rules that the department must adopt governing the establishment and operation of the state lottery; deleting obsolete provisions; amending s. 24.108, F.S.; revising requirements for studies and evaluations of security in the operation of the department; amending s. 24.111, F.S.; making technical changes; amending s. 24.112, F.S.; increasing the amount of a lottery retailer bond; authorizing a lottery retailer to remit funds to the department for deposit in a specified bank account in lieu of such bond; authorizing the use of a debit card in a vending machine to purchase a lottery ticket; authorizing the department to act as a courier service and contract with a third party to provide such service; requiring all courier services to have a written agreement with retailers which conforms to certain requirements and rules; authorizing courier services to store lottery tickets for customers in lieu of delivery if certain requirements are met; requiring such courier services to maintain a secure database of all stored lottery tickets and provide specified notice of a winning

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ticket within a certain timeframe; authorizing such courier services to redeem winning tickets valued at less than a certain amount; prohibiting a portion or percentage of such winning tickets from being charged, accepted, given, or paid to such courier services; providing construction; repealing s. 24.113, F.S., relating to minority participation; amending s. 24.116, F.S.; providing an exception to the prohibition on officers or employees of the department purchasing a lottery ticket; creating s. 24.1173, F.S.; prohibiting a courier service from operating without a written agreement with a retailer which conforms to certain requirements and rules; providing a criminal penalty; amending s. 24.118, F.S.; revising provisions relating to other prohibited acts; prohibiting certain false claims and theft of lottery tickets by lottery retailers, courier services, or employees; providing criminal penalties; amending ss. 24.119, 24.120, 24.1215, and 24.124, F.S.; making technical changes; providing an effective date.

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

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Section 1. Paragraph (a) of subsection (1) of section 20.317, Florida Statutes, is amended to read:

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20.317 Department of the Lottery.—There is created a Department of the Lottery.

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(1)(a) The head of the Department of the Lottery is the Secretary of the Department of the Lottery. The secretary shall

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be appointed by the Governor, subject to the confirmation of the Senate, and. The secretary shall serve at the pleasure of the Governor. The compensation of the secretary shall be set annually by executive order of the Governor.

Section 2. Present subsections (1) through (6) of section 24.103, Florida Statutes, are redesignated as subsections (4) through (9), respectively, new subsections (1), (2), and (3) are added to that section, and present subsection (2) of that section is amended, to read:

- 24.103 Definitions.—As used in this act:
- (1) "Ball machine" means a device that mechanically mixes a set of numbered balls and randomly draws balls from that mixed set to determine the winning numbers for a specific game.
- (2) "Courier service" means a person or an entity that purchases a lottery ticket on behalf of another person located in this state and delivers the ticket to the person in this state as a for-profit service.
- (3) "Debit card" means a card issued by a financial institution to a consumer for use in initiating an electronic funds transfer from a demand deposit, savings deposit, or other asset account of the consumer at the financial institution.
- (5)(2) "Major procurement" means a procurement for a contract for the printing of tickets for use in a any lottery game, consultation services for the startup of the lottery, any goods or services involving the official recording for lottery game play purposes of a player's selections in any lottery game involving player selections, any goods or services involving the receiving of a player's selection directly from a player in any lottery game involving player selections, any goods or services

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involving the drawing, determination, or generation of winners in \underline{a} any lottery game, the security report services provided for in this act, or any goods and services relating to marketing and promotion which exceed a value of \$25,000.

- Section 3. Paragraph (d) of subsection (9), subsection (17), and paragraph (d) of subsection (18) of section 24.105, Florida Statutes, are amended, and paragraphs (k) and (l) are added to subsection (9) of that section, to read:
- 24.105 Powers and duties of department.—The department shall:
- (9) Adopt rules governing the establishment and operation of the state lottery, including:
- (d) The method of selecting winning tickets. However, if a lottery game involves the use of a ball machine to conduct a drawing, the drawing must shall be public and witnessed by an accountant employed by an independent certified public accounting firm. The equipment used in the drawing must shall be inspected before and after the drawing.
- (k) The method of payment for the purchase of a lottery ticket.
- (1) The operation of a courier service, including minimum contract requirements between the courier service and the person using such service.
- (17) Have the authority to enter into agreements with other states for the operation and promotion of a multistate lottery if such agreements are in the best interest of the state lottery. The authority conferred by this subsection is not effective until 1 year after the first day of lottery ticket sales.

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(d) The department shall establish and maintain a personnel

(18) Employ division directors and other staff as may be necessary to carry out the provisions of this act; however:

program for its employees, including a personnel classification and pay plan which may provide any or all of the benefits provided in the Senior Management Service or Selected Exempt Service. Each officer or employee of the department shall be a member of the Florida Retirement System. The retirement class of each officer or employee is shall be the same as other persons performing comparable functions for other agencies. Employees of the department shall serve at the pleasure of the secretary and are shall be subject to suspension, dismissal, reduction in pay, demotion, transfer, or other personnel action at the discretion of the secretary. Such personnel actions are exempt from the provisions of chapter 120. All employees of the department are exempt from the Career Service System provided in chapter 110 and, notwithstanding the provisions of s. 110.205(5), are not included in either the Senior Management Service or the Selected Exempt Service. However, all employees of the department are subject to all standards of conduct adopted by rule for career service and senior management employees pursuant to chapter 110. In the event of a conflict between standards of conduct applicable to employees of the department, of the Lottery the more restrictive standard applies shall apply. Interpretations as to the more restrictive standard may be provided by the Commission on Ethics upon request of an advisory opinion pursuant to s. 112.322(3)(a). For purposes of this subsection, the opinion constitutes shall be considered final action. Section 4. Subsections (2) through (7) of section 24.108,

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Florida Statutes, are amended to read:

- 24.108 Division of Security; duties; security report.—
- (2) (a) The director and all investigators employed by the division shall meet the requirements for employment and appointment provided by s. 943.13 and shall satisfy the requirements for certification established by the Criminal Justice Standards and Training Commission pursuant to chapter 943.
- (b) The director and all such investigators employed by the division shall be designated law enforcement officers and shall have the power to investigate and arrest for any alleged violation of this act or any rule adopted pursuant to this act thereto, or any law of this state. The Such law enforcement officers may enter upon any premises in which lottery tickets are sold, manufactured, printed, or stored within this the state for the performance of their lawful duties and may take with them any necessary equipment, and such entry does shall not constitute a trespass.
- (c) If In any instance in which there is reason to believe that a violation has occurred, law enforcement such officers have the authority, without warrant, to search and inspect any premises where the violation is alleged to have occurred or is occurring. Any such officer may, consistent with the United States and Florida Constitutions, seize or take possession of any papers, records, tickets, currency, or other items related to any alleged violation.
- (3) The Department of Law Enforcement shall, at the request of the Division of Security, perform full criminal background investigations on all employees of the department of the Lottery

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at the level of secretary, division director, or bureau chief and at any level within the Division of Security, including applicants for employment. The department of the Lottery shall reimburse the Department of Law Enforcement for the actual costs of such investigations.

- (4) (a) The division shall conduct such investigations of vendors, retailers, and employees of the department, including applicants for contract or employment, as are necessary to ensure the security and integrity of the operation of the state lottery.
- (b) The department may require persons subject to such investigations to provide such information, including fingerprints, as is needed by the Department of Law Enforcement for processing or as is otherwise necessary to facilitate access to state and federal criminal history information.
- (5) (a) The Department of Law Enforcement shall provide assistance in obtaining criminal history information relevant to investigations required for honest, secure, and exemplary lottery operations, and such other assistance as may be requested by the secretary and agreed to by the executive director of the Department of Law Enforcement.
- (b) Any other state agency or commission, including the Department of Business and Professional Regulation and the Department of Revenue, shall, upon request, provide the department of the Lottery with any information relevant to any investigation conducted pursuant to this act. The department of the Lottery shall maintain the confidentiality of any confidential information it receives from any other state agency or commission.

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 $\underline{\text{(c)}}$ The department of the Lottery shall reimburse $\underline{\text{a}}$ any state agency or commission for the actual cost of providing any assistance pursuant to this subsection.

- (6) The division shall monitor ticket validation and lottery drawings when ball machines are used.
- (7) (a) Every 2 years After the first full year of sales of tickets to the public, or sooner if the secretary deems necessary, the department shall engage an independent firm experienced in security procedures, including, but not limited to, computer security and systems security, to conduct a comprehensive study and evaluation of all aspects of security in the operation of the department.
- (b) The portion of the security report containing the overall evaluation of the department in terms of each aspect of security must shall be presented to the Governor, the President of the Senate, and the Speaker of the House of Representatives. The portion of the security report containing specific recommendations is shall be confidential and may shall be presented only to the secretary, the Governor, and the Auditor General; however, upon certification that such information is necessary for the purpose of effecting legislative changes, such information must shall be disclosed to the President of the Senate and the Speaker of the House of Representatives, who may disclose such information to members of the Legislature and legislative staff as necessary to effect such purpose. However, any person who receives a copy of such information or other information which is confidential pursuant to this act or rule of the department must shall maintain its confidentiality. The confidential portion of the report is exempt from the provisions

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of s. 119.07(1) and s. 24(a), Art. I of the State Constitution.

(c) Thereafter, similar studies of security shall be conducted as the department deems appropriate but at least once every 2 years.

Section 5. Present subsections (3) through (7) of section 24.111, Florida Statutes, are redesignated as subsections (5) through (9), respectively, new subsections (3) and (4) are added to that section, and subsection (2) of that section is amended, to read:

- 24.111 Vendors; disclosure and contract requirements.-
- responsibility, security, and integrity of each vendor with which it intends to negotiate a contract for major procurement. Such investigation may include an investigation of the financial responsibility, security, and integrity of any of the or all persons whose names and addresses are required to be disclosed pursuant to paragraph (a). A Any person who submits a bid, proposal, or offer as part of a major procurement must, at the time of submitting such bid, proposal, or offer, provide the following:
- (a) A disclosure of the vendor's name and address and, as applicable, the name and address and any additional disclosures necessary for an investigation of the financial responsibility, security, and integrity of the following:
- 1. If the vendor is a corporation, the officers, directors, and each stockholder in such corporation; except that, in the case of owners of equity securities of a publicly traded corporation, only the names and addresses of those known to the corporation to own beneficially 5 percent or more of such

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securities need be disclosed.

2. If the vendor is a trust, the trustee and all persons entitled to receive income or benefit from the trust.

- 3. If the vendor is an association, the members, officers, and directors.
- 4. If the vendor is a partnership or joint venture, all of the general partners, limited partners, or joint venturers. If the vendor subcontracts any substantial portion of the work to be performed to a subcontractor, the vendor <u>must shall</u> disclose all of the information required by this paragraph for the subcontractor as if the subcontractor were itself a vendor.
- (b) A disclosure of all the states and jurisdictions in which the vendor does business and of the nature of that business for each such state or jurisdiction.
- (c) A disclosure of all the states and jurisdictions in which the vendor has contracts to supply gaming goods or services, including, but not limited to, lottery goods and services, and of the nature of the goods or services involved for each such state or jurisdiction.
- (d) A disclosure of all the states and jurisdictions in which the vendor has applied for, has sought renewal of, has received, has been denied, has pending, or has had revoked a gaming license or contract of any kind and of the disposition of such in each such state or jurisdiction. If any gaming license or contract has been revoked or has not been renewed or any gaming license or contract application has been either denied or is pending and has remained pending for more than 6 months, all of the facts and circumstances underlying this failure to receive such a license must be disclosed.

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(e) A disclosure of the details of any conviction or judgment of a state or federal court of the vendor of any felony or any other criminal offense other than a traffic violation.

- (f) A disclosure of the details of any bankruptcy, insolvency, reorganization, or any pending litigation of the vendor.
- (g) Such additional disclosures and information as the department may determine to be appropriate for the procurement involved.
- (h) The department shall lease all vending machines that dispense online lottery tickets, instant lottery tickets, or both online and instant lottery tickets.
- (i) The department will require a performance bond for the duration of the contract.

The department <u>may shall</u> not contract with any vendor <u>that</u> who fails to make the disclosures required by this subsection, and any contract with a vendor <u>that</u> who has failed to make the required disclosures <u>is</u> shall be unenforceable. Any contract with any vendor <u>that</u> who does not comply with such requirements for periodically updating such disclosures during the tenure of such contract as may be specified in such contract may be terminated by the department. This subsection <u>must shall</u> be construed broadly and liberally to achieve the ends of full disclosure of all information necessary to allow for a full and complete evaluation by the department of the competence, integrity, background, and character of vendors for major procurements.

(3) The department shall lease all vending machines that

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dispense online and instant lottery tickets.

- (4) The department shall require a performance bond for the duration of the contract.
- Section 6. Subsections (9) and (13) and paragraph (a) of subsection (15) of section 24.112, Florida Statutes, are amended, and subsection (16) is added to that section, to read:
- 24.112 Retailers of lottery tickets; authorization of vending machines to dispense lottery tickets; authorization of courier services.—
- (9)(a) The department may require every retailer to post an appropriate bond as determined by the department, using an insurance company acceptable to the department, in an amount not to exceed three times twice the average lottery ticket sales of the retailer for the period within which the retailer is required to remit lottery funds to the department. For the first 90 days of sales of a new retailer, the amount of the bond may not exceed twice the average estimated lottery ticket sales for the period within which the retailer is required to remit lottery funds to the department. This paragraph does shall not apply to lottery tickets that which are prepaid by the retailer.
 - (b) In lieu of such bond, the department may:
- $\underline{\text{1.}}$ Purchase blanket bonds covering all or selected retailers. $\underline{\text{or may}}$
- 2. Allow a retailer to deposit and maintain with the Chief Financial Officer securities that are interest bearing or accruing and that, with the exception of those specified in <u>subparagraphs a. and b. subparagraphs 1. and 2.</u>, are rated in one of the four highest classifications by an established nationally recognized investment rating service. Securities

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eligible under this <u>subparagraph are</u> paragraph shall be limited

- $\underline{a.1.}$ Certificates of deposit issued by solvent banks or savings associations organized and existing under the laws of this state or under the laws of the United States and having their principal place of business in this state.
- $\underline{b.2.}$ United States bonds, notes, and bills for which the full faith and credit of the government of the United States is pledged for the payment of principal and interest.
- $\underline{\text{c.3.}}$ General obligation bonds and notes of any political subdivision of the state.
- $\underline{\text{d.4.}}$ Corporate bonds of any corporation that is not an affiliate or subsidiary of the depositor.
- 3. Allow a retailer to remit funds to the department for deposit in a department-held interest-bearing bank account.

Such securities $\underline{\text{must}}$ $\underline{\text{shall}}$ be held in trust and $\underline{\text{must}}$ $\underline{\text{shall}}$ have at all times a market value at least equal to an amount required by the department.

(13) Each retailer shall provide accessibility for disabled persons on habitable grade levels. This subsection does not apply to a retail location which has an entrance door threshold more than 12 inches above ground level. As used <u>in this subsection herein</u> and for purposes of this subsection only, the term "accessibility for disabled persons on habitable grade levels" means that retailers shall provide ramps, platforms, aisles and pathway widths, turnaround areas, and parking spaces to the extent these are required for the retailer's premises by the particular jurisdiction where the retailer is located.

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Accessibility <u>is</u> <u>shall</u> be required to only one point of sale of lottery tickets for each lottery retailer location. The requirements of this subsection <u>are</u> <u>shall</u> be deemed to have been met if, in lieu of the foregoing, disabled persons can purchase tickets from the retail location by means of a drive-up window, provided the hours of access at the drive-up window are not less than those provided at any other entrance at that lottery retailer location. Inspections for compliance with this subsection <u>must</u> <u>shall</u> be performed by those enforcement authorities responsible for enforcement pursuant to s. 553.80 in accordance with procedures established by those authorities. Those enforcement authorities shall provide to the department of the Lottery a certification of noncompliance for any lottery retailer not meeting such requirements.

- (15) A vending machine may be used to dispense online lottery tickets, instant lottery tickets, or both online and instant lottery tickets.
 - (a) The vending machine must:
- 1. Dispense a lottery ticket after a purchaser inserts a coin, or currency, or debit card in the machine.
- 2. Be capable of being electronically deactivated for a period of 5 minutes or more.
- 3. Be designed to prevent its use for any purpose other than dispensing a lottery ticket.
- (16) (a) The department may act as a courier service. The department may also contract with a third party to provide courier services in this state.
- (b) All courier services must have a written agreement with one or more retailers which conforms to the requirements of this

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section and any rule adopted by the department.

- (c) In lieu of delivery of a purchased lottery ticket to a customer using a courier service, a courier service may store a ticket for a customer, with the customer's consent, if the courier service provides an electronic receipt of the ticket purchased with the numbers of the ticket shown on the receipt. A customer using a courier service must have the option at all times to obtain the ticket for the purpose of redemption. A courier service storing a ticket for a customer shall maintain a secure database of all stored lottery tickets, linked to the respective customers. The courier service shall notify the customer of a winning ticket value and maximum prize within 24 hours after a drawing.
- (d) A courier service may redeem a winning ticket valued at less than \$600 on behalf of its customers in a manner that is secure for the customer and transparent to the public.
- (e) Any portion or percentage of lottery winnings may not be charged, accepted, given, or made payable to a courier service as a fee for the purchase, delivery, or redemption of a ticket.
- (f) The operation of a courier service under this subsection does not constitute a violation of s. 24.105, s. 24.117, or s. 24.118.
- Section 7. <u>Section 24.113, Florida Statutes, is repealed.</u> Section 8. Subsections (1), (2), and (3) of section 24.116, Florida Statutes, are amended to read:
 - 24.116 Unlawful purchase of lottery tickets; penalty.-
- (1) \underline{A} No person who is less than 18 years of age may \underline{not} purchase a lottery ticket; however, this \underline{does} shall not prohibit

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the purchase of a lottery ticket for the purpose of making a gift to a minor.

- (2) An No officer or employee of the department, or any relative living in the same household with such officer or employee, may not purchase a lottery ticket. However, an officer or employee of the department who is a sworn law enforcement officer within the Division of Security may purchase a lottery ticket when such purchase is necessary for the performance of his or her official duties as part of an investigation.
- (3) An No officer or employee of any vendor under contract with the department for a major procurement, relative living in the same household with such officer or employee, or immediate supervisor of such officer or employee may not purchase a lottery ticket if the officer or employee is involved in the direct provision of goods or services to the department or has access to information made confidential by the department.

Section 9. Section 24.1173, Florida Statutes, is created to read:

Any courier service that operates without a written agreement with a retailer, which agreement conforms to the requirements of s. 24.112(16) and any rule adopted by the department, commits a misdemeanor of the first degree, punishable as provided in s. 775.082 or s. 775.083.

Section 10. Present subsection (4) of section 24.118, Florida Statutes, is redesignated as subsection (6), a new subsection (4) and subsection (5) are added to that section, and subsection (3) of that section is amended, to read:

24.118 Other prohibited acts; penalties.-

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(3) COUNTERFEIT OR ALTERED TICKETS.—Any person who:

- (a) Knowingly presents a counterfeit or altered state lottery ticket;
- (b) Knowingly transfers a counterfeit or altered state lottery ticket to another to present for payment; or
- (c) With intent to defraud, falsely makes, alters, forges, passes, or counterfeits a state lottery ticket; or
- (d) Files with the department a claim for payment based upon facts alleged by the claimant which facts are untrue and known by the claimant to be untrue when the claim is made;

<u>commits</u> is guilty of a felony of the third degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

- (4) FALSE CLAIM.—A person may not, when presenting or causing to be presented any claim for payment or approval to an officer or employee of the department or to a lottery retailer, knowingly and willfully:
 - (a) Falsify or conceal a material fact;
- (b) Make any false, fictitious, or fraudulent statement or representation relating to a material fact; or
- (c) Make or use any false document, knowing the same to contain any false, fictitious, or fraudulent statement or entry relating to a material fact.

A person who violates this subsection commits a felony of the third degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

(5) THEFT OF LOTTERY TICKET BY LOTTERY RETAILER, COURIER SERVICE, OR EMPLOYEE.—A lottery retailer, a courier service, or

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an employee who knowingly and willfully uses his or her position to facilitate, participate in, or otherwise assist in the theft of a lottery ticket from a retail establishment, courier service, or patron or customer of the retail establishment or courier service commits a felony of the third degree, punishable as provided in s. 775.082, s. 775.083, or s. 775.084.

Section 11. Section 24.119, Florida Statutes, is amended to read:

24.119 Use of word "lottery" in corporate name.—The corporate name of a corporation <u>may shall</u> not contain the word "lottery" unless the department of the Lottery approves such name in writing.

Section 12. Subsection (6) of section 24.120, Florida Statutes, is amended to read:

- 24.120 Financial matters; Operating Trust Fund; interagency cooperation.—
- (6) The department of Management Services may authorize a sales incentive program for employees of the department for the purpose of increasing the sales volume and distribution of lottery tickets. Payments pursuant to the program may shall not be construed to be lump-sum salary bonuses.

Section 13. Section 24.1215, Florida Statutes, is amended to read:

24.1215 Duty to inform public of lottery's significance to education.—The department of the Lottery shall inform the public about the significance of lottery funding to the state's overall system of public education.

Section 14. Section 24.124, Florida Statutes, is amended to read:

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24.124 Responsibility for ticket accuracy; department, retailer, and vendor liability.—

- (1) Purchasers of online games tickets <u>are</u> shall be responsible for verifying the accuracy of their tickets, including the number or numbers printed on the tickets. In the event of an error, the ticket may be canceled and a replacement ticket issued pursuant to rules <u>adopted</u> promulgated by the department of the Lottery.
- (2) Other than the issuance of a replacement ticket, there is shall be no right or cause of action and no liability on the part of the department, retailer, vendor, or any other person associated with selling an online games ticket, with respect to errors or inaccuracies contained in the ticket, including errors in the number or numbers printed on the ticket.

Section 15. This act shall take effect July 1, 2025.