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1 A bill to be entitled

2 An act relating to video lotteries; amending s. 24.103,
3 F.S.; providing definitions; amending s. 24.105, F.S.;
4 providing powers and duties of the Department of the
5 Lottery pertaining to video lottery games; providing for
6 an annual fee; providing for disposition of the fee;
7 creating s. 24.125, F.S.; providing for the adoption of
8 rules; creating s. 24.126, F.S.; prohibiting certain
9 persons from playing video lottery games; providing
10 penalties; creating s. 24.127, F.S.; providing
11 requirements for the operation of video lottery games;
12 providing for assessment of an administrative fine and
13 order of suspension; providing for enforcement; providing
14 a payout percentage; providing for distribution of income;
15 providing for weekly allocations; prohibiting manipulation
16 of outcomes, payoffs, and operation of terminals;
17 providing penalties; requiring colocation of events;
18 creating s. 24.128, F.S.; providing for the licensure of
19 video lottery terminal vendors; providing for the adoption
20 of emergency rules; creating s. 24.129, F.S.; prohibiting
21 certain local zoning ordinances; creating s. 24.130, F.S.;
22 providing requirements for video lottery terminals;
23 creating s. 24.131, F.S.; requiring video lottery terminal
24 vendors to establish training programs for employees who
25 service such terminals; requiring department approval of
26 such programs; providing certification requirements for
27 such employees; providing for the adoption of rules;
28 creating s. 24.132, F.S.; providing for distribution of
29 proceeds from the Video Lottery Purse Trust Fund;

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30 providing for the adoption of rules; creating s. 24.133,
 31 F.S.; requiring operators of facilities where video
 32 lottery games are conducted to post certain warning signs
 33 regarding compulsive gambling; amending s. 212.02, F.S.;
 34 excluding video lottery terminals from the definition of
 35 "coin-operated amusement machine" for purposes of the
 36 sales and use tax; creating s. 24.134, F.S.; establishing
 37 programs for compulsive gambling within the Department of
 38 Children and Family Services; creating s. 24.136, F.S.;
 39 authorizing a caterer's license for video lottery
 40 retailers; providing an effective date.

41
 42 Be It Enacted by the Legislature of the State of Florida:

43
 44 Section 1. Subsections (7), (8), (9), (10), and (11) are
 45 added to section 24.103, Florida Statutes, to read:

46 24.103 Definitions.--As used in this act:

47 (7) "Video lottery game" means an electronically simulated
 48 game involving any element of chance, skill, or both, played on
 49 a video lottery terminal that, upon insertion of currency,
 50 coins, tokens, credits, vouchers, or anything of value, is
 51 available to play or simulate a lottery-type game. The games
 52 include, but are not limited to, lineup games, traditional card
 53 games, poker, and progressive games where the jackpot grows and
 54 accumulates as it is being played in a video lottery terminal,
 55 or network of video lottery terminals, using a cathode ray tube,
 56 video display screen, or microprocessors, or other similar
 57 technology available now or in the future, as approved by the
 58 department. A player may receive a payoff in the form of

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59 currency, coins, tokens, credits, vouchers, or anything of value
 60 either automatically or in some other manner.

61 (8) "Video lottery terminal" means a machine or device
 62 upon which a video lottery game is played or operated. A video
 63 lottery terminal may use spinning reels or video displays or
 64 other similar technology available now or in the future, as
 65 approved by the department.

66 (9) "Video lottery terminal vendor" means any person
 67 licensed by the department who engages in the business of
 68 selling, leasing, servicing, repairing, or upgrading video
 69 lottery terminals for video lottery retailers or who provides to
 70 the department or to a video lottery retailer computer
 71 equipment, software, or other functions related to video lottery
 72 terminals.

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

76 (11) "Video lottery retailer" means any pari-mutuel
 77 permitholder under chapter 550 who has paid the annual fee of \$2
 78 million pursuant to s. 24.105(27) and who:

79 (a) Conducted a full schedule of live racing or games, as
 80 described in ss. 550.002(11) and 550.475. However, in order to
 81 be included in the definition, a greyhound racing permitholder
 82 must have also conducted, during the prior fiscal year, no fewer
 83 than 80 percent of the number of performances and no fewer than
 84 80 percent of the number of live races that it conducted during
 85 the 1997-1998 state fiscal year;

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86 (b) Applied for a pari-mutuel permit between January 1,
 87 2003, and March 1, 2003, and has conducted a full schedule of
 88 live racing or games as described in s. 550.002(11); or

89 (c) Is authorized to receive broadcasts of horseraces
 90 under s. 550.6308.

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

93 24.105 Powers and duties of department.--The department
 94 shall:

95 (21) Have in place the capacity to support video lottery
 96 games at facilities of video lottery retailers by October 1,
 97 2004.

98 (22) Hear and decide promptly and in reasonable order all
 99 video lottery related license applications and enforcement
 100 proceedings for suspension or revocation of licenses.

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

103 (24) Certify net terminal income of video lottery
 104 retailers by inspecting records, by conducting audits, or by any
 105 other reasonable means.

106 (25) Maintain a list of licensed video lottery terminal
 107 vendors and a current list of all contracts between video
 108 lottery terminal vendors and video lottery retailers.

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

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115 (27) Within 10 days after approval of the application and
 116 on every July 1 thereafter, the video lottery retailer shall pay
 117 to the department a fee of \$2 million. The \$2 million fee shall
 118 be deposited into the Education Enhancement Trust Fund to be
 119 available to be bonded for school capital facilities
 120 construction.

121 Section 3. Section 24.125, Florida Statutes, is created to
 122 read:

123 24.125 Rules authorized.--

124 (1) The department may adopt rules relating to:

125 (a) The regulation of video lottery retailers and video
 126 lottery products, including provisions to ensure that video
 127 lottery terminals are operated only by persons at least 18 years
 128 of age.

129 (b) Specifications for video lottery terminals to be
 130 approved and authorized as the department deems necessary in
 131 order to maintain the integrity of video lottery games and
 132 terminals. The specifications may not limit the number of video
 133 lottery terminal vendors who supply terminals to fewer than
 134 four.

135 (c) The regulation of video lottery terminal vendors.

136 (2) Initial rules to permit the operation of video
 137 lotteries and the licensing of video lottery vendors shall be
 138 adopted by July 1, 2004. The department may adopt emergency
 139 rules under ss. 120.536(1) and 120.54 to implement this section.

140 Section 4. Section 24.126, Florida Statutes, is created to
 141 read:

142 24.126 Video lottery; minimum age.--

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143 (1) A person who is younger than 18 years of age may not
 144 play a video lottery game.

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

147
 148 THE USE OF A VIDEO LOTTERY TERMINAL BY PERSONS UNDER THE AGE OF
 149 18 IS AGAINST FLORIDA LAW. PROOF OF AGE IS REQUIRED FOR USE.

150
 151 (3) Any person who violates this section commits a
 152 misdemeanor of the second degree, punishable as provided in s.
 153 775.082 or s. 775.083.

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

156 24.127 Video lottery games.--

157 (1) Video lottery games may be offered by a video lottery
 158 retailer only at its pari-mutuel facility at any time. During
 159 any calendar year in which a video lottery retailer maintains
 160 video lottery terminals, the retailer must have conducted in the
 161 prior year a full schedule of live racing or games, as defined
 162 in s. 550.002(11), including the conduct of races or games under
 163 s. 550.475, or be authorized to receive broadcasts of horse
 164 races under s. 550.6308. The department shall waive such
 165 requirements upon a showing that the failure to conduct races or
 166 games resulted from a natural disaster or other acts beyond the
 167 control of the permitholder, including legal restrictions or
 168 prohibitions placed on the permitholder's activities. If the
 169 retailer for any other reason does not comply with the
 170 requirement to conduct a full schedule of races or games, the
 171 department shall order the retailer to suspend its video lottery

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172 operation. The department may assess an administrative fine, not
 173 to exceed \$5,000 per video lottery terminal per day, against any
 174 retailer who does not suspend its video lottery operation when
 175 ordered to do so by the department. The department may enforce a
 176 suspension order or administrative fine as provided in s.
 177 120.69. Each video lottery retailer shall post a bond payable to
 178 the state in an amount determined by the department which is
 179 sufficient to guarantee the payment of revenue due in any
 180 payment period.

181 (2) Each video lottery retailer shall determine the
 182 following pertaining to the video lottery terminals located on
 183 its premises:

184 (a) Number of video lottery terminals;

185 (b) Dates and hours during which the video lottery
 186 terminals are available for play;

187 (c) Mix of games available for play on video lottery
 188 terminals;

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

191 (e) Location and movement of video lottery terminals on
 192 the premises;

193 (f) Staffing of video lottery terminal operations on the
 194 premises; and

195 (g) Minimum and maximum betting amounts and the payout,
 196 based upon a suitable range, as determined by the video lottery
 197 retailer, with a minimum of 88 percent and a maximum of 95
 198 percent of the amount of currency, coins, tokens, credits,
 199 vouchers, or anything of value put into a video lottery
 200 terminal. Upon 10 days' written notice to the department, the

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201 department may approve a greater payout percentage than 95
 202 percent if the total annual payout is not greater than 95
 203 percent.

204 (3) Each video lottery retailer shall notify the
 205 department prior to commencing the initial operation of the
 206 video lottery games.

207 (4) To facilitate the auditing and security programs
 208 critical to the integrity of the video lottery system, the
 209 department has overall control of the entire system. Each video
 210 lottery terminal shall be linked, directly or indirectly, to a
 211 computer system approved by the department.

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

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

218 (a) Forty-two percent shall be remitted to the Video
 219 Lottery Administrative Trust Fund for transfer to the Education
 220 Enhancement Trust Fund. The \$2 million annual fee paid by each
 221 permitholder pursuant to s. 24.105(27) shall be credited back to
 222 the permitholder on a weekly basis out of the Video Lottery
 223 Administrative Trust Fund until the total \$2 million is
 224 credited. However, weekly credits may not exceed \$100,000 per
 225 week per permitholder.

226 (b) Seventy-five hundredths percent shall be remitted to
 227 the Video Lottery Administrative Trust Fund for transfer to the
 228 Administrative Trust Fund. Twenty-five percent of the 0.75
 229 percent, with a cap not to exceed \$5 million per year, shall be

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230 transferred to the Department of Children and Family Services
 231 for the establishment and administration of a treatment program
 232 for compulsive gambling.

233 (c) Fifty-seven and twenty-five hundredths percent shall
 234 be retained by the video lottery retailer as compensation, and
 235 of that amount:

236 1. Six percent of the retailer's net terminal income shall
 237 be distributed by the video lottery retailer as purses for live
 238 performances conducted as a part of the video lottery retailer's
 239 pari-mutuel meet in accordance with chapter 550; however, if the
 240 video lottery retailer holds a license pursuant to s. 550.6308,
 241 the 6 percent shall be distributed as thoroughbred breeders'
 242 awards and stallion awards and awards to owners of registered
 243 Florida-bred thoroughbred horses under ss. 550.26165 and
 244 550.2625(3), subject to the fee provided in s. 550.2625(3).

245 2. Six and seventy-five hundredths percent of the
 246 retailer's net terminal income shall be remitted to the Video
 247 Lottery Administrative Trust Fund for transfer to the Video
 248 Lottery Purse Trust Fund, to be distributed pursuant to s.
 249 24.132.

250 (7) The allocation provided in subsection (6) shall be
 251 made weekly. Amounts allocated pursuant to paragraphs (6)(a) and
 252 (b) shall be remitted to the department by electronic transfer
 253 within 24 hours after the allocation is determined. If live
 254 meets were conducted by the video lottery retailer during the
 255 weekly period for which the allocation is made, the portion of
 256 the allocation to be distributed as purses under paragraph
 257 (6)(c) shall be paid as purses for those live meets. If live
 258 meets were not conducted at the pari-mutuel facility during the

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259 weekly period for which the allocation is made, the distribution
 260 of purse money shall be made during the next ensuing meet
 261 following the weekly period in which the net terminal income is
 262 earned. The accumulated amount to be distributed as purses
 263 during the next ensuing meet shall be distributed weekly during
 264 the permitholder's next race meeting in an amount determined by
 265 dividing the amount to be distributed by the number of
 266 performances approved for the permitholder pursuant to its
 267 annual license and multiplying that amount by the number of
 268 performances conducted each week. Any interest income on funds
 269 required to be distributed under paragraph (6)(c) prior to
 270 distribution of the funds as purses shall be distributed by the
 271 video lottery retailer as purses for live performances conducted
 272 at the video lottery retailer's pari-mutuel facility or a
 273 facility authorized under s. 550.475.

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

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

281 (10) In the area or room in a facility in which a video
 282 lottery terminal is placed, the video lottery retailer shall
 283 also place video monitors displaying live races or games being
 284 conducted in that facility. If live races or games are not being
 285 conducted at the facility, any simulcast races or games that are
 286 displayed otherwise in the facility shall be displayed. In each

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287 area or room, the retailer shall also provide a means by which
 288 patrons may wager on pari-mutuel activity.

289 Section 6. Section 24.128, Florida Statutes, is created to
 290 read:

291 24.128 Licensure of video lottery terminal vendors.--Video
 292 lottery terminal vendors shall be licensed by the department by
 293 July 1, 2004. The department may adopt emergency rules under s.
 294 120.536(1) and s. 120.54(4) to implement this section. The
 295 department may not license a person as a video lottery terminal
 296 vendor who has an interest in a video lottery retailer or a
 297 business relationship with a video lottery retailer other than
 298 as a vendor or lessor of video lottery terminals.

299 Section 7. Section 24.129, Florida Statutes, is created to
 300 read:

301 24.129 Local zoning of pari-mutuel facilities.--The
 302 installation, operation, or use of a video lottery on any
 303 property where pari-mutuel operations were or would have been
 304 lawful under any county or municipal zoning ordinance on July 1,
 305 2003, does not change the character of the use of such property
 306 and may not be prohibited by any local land use or zoning
 307 ordinance.

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

310 24.130 Video lottery terminals.--

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

313 (2) Each video lottery terminal approved for use in this
 314 state shall:

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

317 (b) Have one or more mechanisms that accept currency,
 318 coins, tokens, vouchers, or anything of value in exchange for
 319 game credits. Such mechanisms must be designed to prevent
 320 players from obtaining currency, coins, tokens, vouchers, or
 321 anything of value or from obtaining game credits by physical
 322 tampering.

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

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

328 Section 9. Section 24.131, Florida Statutes, is created to
 329 read:

330 24.131 Video lottery terminal training program.--

331 (1) Each licensed video lottery terminal vendor shall
 332 submit a training program for the service and maintenance of
 333 terminals and equipment for approval by the department. The
 334 training program must include an outline of the training
 335 curriculum; a list of instructors and their qualifications; a
 336 copy of the instructional materials; and the dates, times, and
 337 location of training classes. A service and maintenance program
 338 may not be held unless approved by the department.

339 (2) Each video lottery terminal service employee must
 340 complete the requirements of the manufacturer's training program
 341 before performing service, maintenance, or repairs on video
 342 lottery terminals or associated equipment. Upon the successful
 343 completion of the training program by an employee, the

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344 department shall issue a certificate authorizing the employee to
 345 service, maintain, and repair video lottery terminals and
 346 associated equipment. A certificate of completion may not be
 347 issued to a person until the department determines that such
 348 person has completed the required training. Before being
 349 certified as a video lottery terminal service employee, a person
 350 must pass a background investigation conducted by the
 351 department. The department may revoke certification upon finding
 352 that a person is in violation of this chapter or a department
 353 rule.

354 (3) The department may adopt rules regarding the training,
 355 qualifications, and certification of video lottery terminal
 356 service employees.

357 Section 10. Section 24.132, Florida Statutes, is created
 358 to read:

359 24.132 Administration of the Video Lottery Purse Trust
 360 Fund.--

361 (1) The proceeds of the Video Lottery Purse Trust Fund
 362 shall be distributed to pari-mutuel permitholders to be
 363 distributed as purses at their respective pari-mutuel facilities
 364 as follows:

365 (a) Fifty-eight percent shall be paid to holders of valid
 366 thoroughbred racing permits.

367 (b) Eight percent shall be paid to holders of valid
 368 harness racing permits.

369 (c) Seven percent shall be paid to holders of valid jai
 370 alai permits.

371 (d) Twenty-seven percent shall be paid to holders of valid
 372 greyhound racing permits.

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373 (2) Distributions to permitholders under subsection (1)
374 shall be determined by dividing the amounts paid in purses
375 during the previous fiscal year by the amount of purses by those
376 permitholders paid by all permitholders of the same class of
377 permits statewide during the previous fiscal year.

378 (3) All proceeds distributed under this section are in
379 addition to and supplement the other funds set forth in this
380 chapter and chapter 550 for use as purses, awards, and, in the
381 case of jai alai, player compensation.

382 (4) Ten percent of the amounts distributed pursuant to
383 this section and s. 24.127(6)(c) to persons holding valid
384 greyhound racing permits shall be distributed as additional
385 purses on all live races at each facility for Florida-bred
386 greyhounds in a manner similar to the distribution of regular
387 purses.

388 (5) Ten percent of the amounts distributed pursuant to
389 this section and s. 24.127(6)(c)1. to persons holding valid
390 harness racing permits shall be distributed for payment of
391 breeders' awards, stallion awards, and stallion stakes, and for
392 additional expenditures, including, but not limited to, medical,
393 dental, surgical, life, funeral, and disability insurance and
394 retirement benefits for occupational licensees who work at
395 tracks in this state in which harness horse races are conducted
396 pursuant to ss. 550.26165 and 550.2625, subject to the fee
397 provided in s. 550.2625(4).

398 (6) Ten percent of the amounts distributed pursuant to
399 this section and s. 24.127(6)(c)2. to persons holding valid
400 thoroughbred racing permits shall be distributed as thoroughbred
401 breeders' awards and stallion awards and awards to owners of

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402 registered Florida-bred thoroughbred horses pursuant to ss.
 403 550.26165 and 550.2625(3), subject to the fee provided in s.
 404 550.2625(3).

405 (7) The department may adopt rules to provide for the
 406 equitable distribution of funds by permitholders for purses,
 407 awards, or jai alai player compensation.

408 Section 11. Section 24.133, Florida Statutes, is created
 409 to read:

410 24.133 Notice of availability of assistance for compulsive
 411 gambling required.--

412 (1) The owner of each facility at which video lottery
 413 games are conducted shall post signs with the statement:

414
 415 "IF YOU OR SOMEONE YOU KNOW HAS A GAMBLING PROBLEM, HELP IS
 416 AVAILABLE, CALL 1-800-426-7711."

417
 418 (2) The department may approve additional toll-free
 419 numbers to ensure compliance with this section. The signs must
 420 be posted within 50 feet of each entrance and within 60 feet of
 421 each credit location within the facility.

422 Section 12. Subsection (24) of section 212.02, Florida
 423 Statues, is amended to read:

424 212.02 Definitions.--The following terms and phrases when
 425 used in this chapter have the meanings ascribed to them in this
 426 section, except where the context clearly indicates a different
 427 meaning:

428 (24) "Coin-operated amusement machine" means any machine
 429 operated by coin, slug, token, coupon, or similar device for the
 430 purposes of entertainment or amusement. The term includes, but

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431 is not limited to, coin-operated pinball machines, music
432 machines, juke boxes, mechanical games, video games, arcade
433 games, billiard tables, moving picture viewers, shooting
434 galleries, and all other similar amusement devices. However, the
435 term does not include a video lottery terminal operated pursuant
436 to chapter 24.

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

439 24.134 Compulsive gambling program.--The Mental Health
440 Program Office within the Department of Children and Family
441 Services shall establish a program for public education,
442 awareness, and training regarding problem and compulsive
443 gambling and the treatment and prevention of problem and
444 compulsive gambling. The program shall include:

445 (1) Maintenance of a compulsive gambling advocacy
446 organization's toll-free, problem-gambling telephone number to
447 provide crisis counseling and referral services to families
448 experiencing difficulty as a result of problem or compulsive
449 gambling.

450 (2) The promotion of public awareness regarding the
451 recognition and prevention of problem or compulsive gambling.

452 (3) Facilitation, through inservice training and other
453 means, of the availability of effective assistance programs for
454 problem and compulsive gamblers and family members affected by
455 problem and compulsive gambling.

456 (4) Studies to identify adults and juveniles in this state
457 who are or are at risk of becoming problem or compulsive
458 gamblers.

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459 Section 14. Section 24.136, Florida Statutes, is created
 460 to read:

461 24.136 Licensure of video lottery retailer.--A video
 462 lottery retailer is entitled to a caterer's license pursuant to
 463 s. 565.02 on days in which the pari-mutuel facility is open to
 464 the public for video lottery play as authorized by this chapter.

465 Section 15. This act shall take effect upon becoming a
 466 law.