

Senate Bill 217

By: Senators Kennedy of the 18th, Miller of the 49th, Harbison of the 15th, Walker III of the 20th, Robertson of the 29th and others

A BILL TO BE ENTITLED  
AN ACT

1 To amend Article 3 of Chapter 27 of Title 50 of the Official Code of Georgia Annotated,  
2 relating to bona fide coin operated amusement machines, so as to revise certain regulatory  
3 requirements for bona fide coin operated amusement machines; to provide for definitions;  
4 to revise the time and amounts for the payment of operator license fees; to provide for  
5 designation of new COAM locations; to clarify penalty provisions; to provide and revise  
6 operator license agreement requirements; to provide for exceptions for customer relation  
7 marketing funds and fraternal benefit societies; to provide for copies of such agreements to  
8 be sent to the Georgia Lottery Corporation; to revise nomenclature from "master" to  
9 "operator" in regards to license and licensee references; to provide for related matters; to  
10 repeal conflicting laws; and for other purposes.

11 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

12 style="text-align:center">**SECTION 1.**

13 Article 3 of Chapter 27 of Title 50 of the Official Code of Georgia Annotated, relating to  
14 bona fide coin operated amusement machines, is amended by adding eight new paragraphs  
15 to subsection (b) of Code Section 50-27-70, relating to legislative findings and definitions,  
16 as follows:

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17 "(1) 'Additional incentive payments' means payments made to location operators from  
18 operator licensees for the renewal of a written agreement in an amount up to 20 times the  
19 average daily average of the operator licensee's portion of the revenue from the operation  
20 of its Class B bona fide coin operated amusement machines in a given location for the  
21 prior 365 days. Said payments may be made upon the execution of a seven year contract  
22 consistent with this chapter, or within 30 days of the end of each 12 months of the  
23 contract between the parties. In order to verify the amount of additional incentive  
24 payments due, the Georgia Lottery Corporation shall require that reports be prepared  
25 annually and made available to licensees upon request."

26 "(4.1) 'Customer relation marketing funds' means anything of value given by an operator  
27 licensee to an existing customer location licensee with a retail value totaling no more than  
28 \$500.00 per location licensee customer per year."

29 "(5.1) 'Fraternal benefit society' shall have the meaning set forth in Section 501(c)(8) of  
30 the United States Internal Revenue Code.

31 (5.2) 'Good cause' means showing that a party has breached a contract or agreement for  
32 the placement of Class B coin operated amusement machines."

33 "(8) 'Location owner or location operator' means an owner or operator of a business or  
34 fraternal benefit society location where one or more bona fide coin operated amusement  
35 machines are available for commercial use and play by the public."

36 "(10) ~~Master~~ 'Operator license' means the certificate which every owner of a bona fide  
37 coin operated amusement machine must purchase and display in the owner's or operator's  
38 place of business where the machine is located for commercial use by the public for play  
39 in order to legally operate the machine in the state.

40 (10.1) ~~Master~~ 'Operator licensee' means any person that has lawfully applied for and  
41 received a ~~master~~ an operator license."

42 "(11.1) 'New COAM location' means a business where no Class B bona fide coin  
43 operated amusement machines have been present for the preceding 36 months."

44 "(12.1) 'Operator transfer fee' means a sum paid in order to have processed a change of  
 45 operator request form and equal to:  
 46 (A) \$250,000.00 or the monthly average of the location owner's or location operator's  
 47 net revenue from Class B coin operated amusement machines of the trailing 12 month  
 48 period multiplied by 36, whichever is greater, paid by an operator licensee with 20  
 49 Class B machines or more at the time the payment is due; or  
 50 (B) \$125,000.00 or the monthly average of the location owner's or location operator's  
 51 net revenue from Class B coin operated amusement machines of the trailing 12 month  
 52 period multiplied by 36, whichever is greater, paid by an operator with fewer than 20  
 53 Class B machines at the time the payment is due; provided, however, that one-half of  
 54 such operator transfer fee shall be paid to the corporation and one-half of such fee shall  
 55 be paid to the operator licensee sought to be replaced."

56

**SECTION 2.**

57 Said article is further amended by revising Code Section 50-27-71, relating to license fees,  
 58 issuance of license, display of license, control number, duplicate certificates, application for  
 59 license or renewal, and penalty for noncompliance, as follows:

60 "50-27-71.

61 (a) Every manufacturer, distributor, and owner, except an owner holding a bona fide coin  
 62 operated amusement machine solely for personal use or resale, who offers a bona fide coin  
 63 operated amusement machine for sale to a distributor or to an owner and who offers others  
 64 the opportunity to play for a charge, whether directly or indirectly, any bona fide coin  
 65 operated amusement machine shall pay ~~annual-master~~ operator license fees to the  
 66 corporation as follows:

67 (1) For Class A machines, annually:

68 (A) For five or fewer machines, the owner shall pay ~~a-master~~ an operator license fee  
 69 of \$500.00. In the event such owner acquires a sixth or greater number of machines

70 during a calendar year which requires a certificate for lawful operation under this article  
 71 so that the total number of machines owned does not exceed 60 machines or more, such  
 72 owner shall pay an additional ~~master~~ operator license fee of \$1,500.00;

73 (B) For six or more machines but not more than 60 machines, the owner shall pay a  
 74 ~~master~~ an operator license fee of \$2,000.00. In the event such owner acquires a  
 75 sixty-first or greater number of machines during a calendar year which requires a  
 76 certificate for lawful operation under this article, such owner shall pay an additional  
 77 ~~master~~ operator license fee of \$1,500.00; or

78 (C) For 61 or more machines, the owner shall pay a ~~master~~ an operator license fee of  
 79 \$3,500.00;

80 (2) For ~~any number of fewer than 20~~ Class B machines, the owner shall pay a ~~master~~ an  
 81 operator license fee of ~~\$5,000.00~~ \$15,000.00 every three years. For 20 or more Class B  
 82 machines, the owner shall pay an operator license fee of \$75,000.00 every three years.  
 83 In the event such owner acquires 21 or more machines during a calendar year, which  
 84 requires a certificate for lawful operation under this article, such owner shall pay an  
 85 additional operator license fee equal to the total amount due for owners of more than 20  
 86 Class B machines;

87 (3) For any distributor, the distributor shall pay a distributor license fee of \$5,000.00; and

88 (4) For any manufacturer, the manufacturer shall pay a manufacturer license fee of  
 89 \$5,000.00.

90 The cost of the license shall be paid to the corporation by company check, cash, cashier's  
 91 check, money order, or any other method approved by the chief executive officer. Upon  
 92 such payment, the corporation shall issue a ~~master~~ an operator license certificate to the  
 93 owner. The license fees levied by this Code section shall be collected by the corporation  
 94 on an annual basis, and the board may establish procedures for license collection and set  
 95 due dates for these license payments. No refund or credit of the license charge levied by  
 96 this Code section may be allowed to any owner who ceases the manufacture, distribution,

97 or operation of bona fide coin operated amusement machines prior to the end of any license  
98 or permit period.

99 (a.1) Every location owner or location operator shall pay an annual location license fee for  
100 each bona fide coin operated amusement machine offered to the public for play. The  
101 annual location license fee shall be \$25.00 for each Class A machine and \$125.00 for each  
102 Class B machine. The annual location license fee levied by this Code section shall be  
103 collected by the corporation, and the board may establish procedures for location license  
104 fee collection and set due dates for payment of such fees. The location license fee shall be  
105 paid to the corporation by company check, cash, cashier's check, money order, or any other  
106 method approved by the chief executive officer. Upon payment, the corporation shall issue  
107 a location license certificate that shall state the number of bona fide coin operated  
108 amusement machines permitted for each class without further description or identification  
109 of specific machines. No refund or credit of the location license fee shall be allowed to any  
110 location owner or location operator who ceases to offer bona fide coin operated amusement  
111 machines to the public for commercial use prior the end of any license period.

112 (a.2) The corporation may refuse to issue or renew a location owner or location operator  
113 license or may revoke or suspend a location owner or location operator license issued under  
114 this article if:

115 (1) The licensee or applicant has intentionally violated a provision of this chapter or a  
116 regulation promulgated under this chapter;

117 (2) The licensee or applicant has intentionally failed to provide requested information  
118 or answer a question, intentionally made a false statement in or in connection with his or  
119 her application or renewal, or omitted any material or requested information;

120 (3) The licensee or applicant used coercion to accomplish a purpose or to engage in  
121 conduct regulated by the corporation;

122 (4) Failure to revoke or suspend the license would be contrary to the intent and purpose  
123 of this article;

- 124 (5) The licensee or applicant has engaged in unfair methods of competition and unfair  
125 or deceptive acts or practices as provided in Code Section 50-27-87.1; or
- 126 (6) Any applicant, or any person, firm, corporation, legal entity, or organization having  
127 any interest in any operation for which an application has been submitted, fails to meet  
128 any obligations imposed by the tax laws or other laws or regulations of this state.
- 129 (b) A copy of an owner's master operator license and the location owner's or location  
130 operator's location license shall be prominently displayed at all locations where the owner  
131 and location owner or location operator have bona fide coin operated amusement machines  
132 available for commercial use and for play by the public to evidence the payment of the fees  
133 levied under this Code section. A manufacturer's license and distributor's license, as well  
134 as invoices for the sales of any Class B machines to any person or entity licensed by this  
135 chapter, shall be available for inspection at their places of business and upon request from  
136 the corporation.
- 137 (c) Each manufacturer, distributor, and master operator license and each location license  
138 shall list the name and address of the manufacturer, distributor, owner, location owner, or  
139 location operator, as applicable.
- 140 (d) The corporation may provide a duplicate license issued pursuant to this Code section  
141 if the original license has been lost, stolen, or destroyed. The fee for a duplicate original  
142 license is \$100.00. If the original license is lost, stolen, or destroyed, a sworn, written  
143 statement must be submitted explaining the circumstances by which the license was lost,  
144 stolen, or destroyed and including the number of the lost, stolen, or destroyed license, if  
145 applicable, before a duplicate original license can be issued. A license for which a  
146 duplicate license has been issued is void.
- 147 (e) A license or permit issued under this Code section:
- 148 (1) Is effective for a single business entity;
- 149 (2) Vests no property or right in the holder of the license or permit except to conduct the  
150 licensed or permitted business during the period the license or permit is in effect;

151 (3) Except as provided in paragraph (5) of this subsection, is nontransferable,  
152 nonassignable by and between owners or location owners and location operators, and not  
153 subject to execution;

154 (4) Expires upon the death of an individual holder of a license or permit or upon the  
155 dissolution of any other holder of a license or permit; and

156 (5) As it relates to a ~~master~~ an operator licensee, upon the sale of a ~~master~~ an operator  
157 licensee's business in its entirety, the buyer shall pay to the corporation a transfer fee of  
158 \$750,000.00 for the ~~master~~ operator license that accompanies the business ~~in the~~  
159 ~~following amounts:~~

160 ~~(A) For the first sale of a master licensee's business, a transfer fee for the master~~  
161 ~~license in the amount of \$10,000.00;~~

162 ~~(B) For the second sale of such business, a transfer fee for the master license in the~~  
163 ~~amount of \$25,000.00;~~

164 ~~(C) For the third sale of such business, a transfer fee for the master license in the~~  
165 ~~amount of \$50,000.00; and~~

166 ~~(D) For the fourth sale of such business and each sale thereafter, a transfer fee for the~~  
167 ~~master license in an amount to be established by the corporation, which transfer fee~~  
168 ~~shall be not less than \$50,000.00.~~

169 (f) An application for the renewal of a license or permit must be made to the corporation  
170 in accordance with the due dates set forth in the rules promulgated by the board ~~each year."~~

171 (g) Acceptance of a license or permit issued under this Code section constitutes consent  
172 by the licensee and the location owner or location operator of the business where bona fide  
173 coin operated amusement machines are available for commercial use and for play by the  
174 public that the corporation's agents may freely enter the business premises where the  
175 licensed and permitted machines are located during normal business hours for the purpose  
176 of ensuring compliance with this article.

177 (h) An application for a license or permit to do business under this article shall contain a  
178 complete statement regarding the ownership of the business to be licensed or the business  
179 where the permitted machines are to be located. This statement of ownership shall specify  
180 the same information that is required by the application to secure a sales tax number for the  
181 State of Georgia.

182 (i) An application for a ~~master~~ an operator license shall be accompanied by ~~either~~ the  
183 ~~annual or semiannual~~ required fee plus the required permit fee due for each machine.  
184 Additional per machine permits can be purchased during the year if needed by the owner.  
185 An application for a location license shall be accompanied by the appropriate fee."

186 (j) An application is subject to public inspection.

187 (k) A renewal application filed on or after the due dates set forth in the rules promulgated  
188 by the board, but before the license expires, shall be accompanied by a nonrefundable late  
189 fee of \$1,000.00 for Class B licensees and \$100.00 for Class A licensees. A ~~manufacturer,~~  
190 ~~distributor, or master license~~ or location license that has been expired for more than 90  
191 days may ~~not~~ be renewed at the discretion of the corporation and upon the payment of an  
192 additional renewal fee set forth in the rules promulgated by the board. The refusal by the  
193 corporation to renew a location license that has been expired for more than 90 days shall  
194 not give rise to a right to appeal or review. In such a case, the event that the corporation  
195 does not renew a license that has been expired and not renewed, the manufacturer,  
196 distributor, ~~master~~ operator license, or location license owner shall obtain a new license,  
197 as applicable, by complying with the requirements and procedures for obtaining an original  
198 license.

199 (l) A holder of a license who properly completes the application and remits all fees with  
200 it by the due date may continue to manufacture, distribute, or operate bona fide coin  
201 operated amusement machines after the expiration date if its license or permit renewal has  
202 not been issued, unless the holder of the license is notified by the corporation prior to the  
203 expiration date of a problem with the renewal.



204 (m) Holders of manufacturer, distributor, and location licenses and temporary location  
205 permits shall be subject to the same provisions of this article with regard to refunds, license  
206 renewals, license suspensions, and license revocations as are ~~master~~ operator licensees.  
207 (n) Failure to obtain a license as required by this Code section shall subject the person to  
208 a fine of up to \$25,000.00 and repayment of all fees or receipts due to the corporation  
209 pursuant to this article and may subject the person to a loss of all state licenses."

210

**SECTION 3.**

211 Said article is further amended by revising Code Section 50-27-72, relating to refund of  
212 license, as follows:

213 "50-27-72.

214 (a) No refund is allowed for a manufacturer, distributor, or ~~master~~ operator license except  
215 as follows:

216 (1) The licensee makes a written request to the corporation for a refund prior to the  
217 beginning of the calendar year for which it was purchased;

218 (2) The licensee makes a written request prior to the issuance of the license or  
219 registration certificate;

220 (3) The licensee makes a written request for a refund claiming the license or registration  
221 certificate was mistakenly purchased due to reliance on incorrect information from the  
222 corporation;

223 (4) The processing of the license is discontinued; or

224 (5) The issuance of the license is denied.

225 (b) Before a refund will be allowed if the renewal of a ~~master~~ an operator license is denied,  
226 the corporation shall verify that the applicant has no machines in operation and does not  
227 possess any machines except those that are exempt from the fees. If a ~~master~~ an operator  
228 license is not issued, the corporation may retain \$100.00 to cover administrative costs.

229 (c) No refund will be allowed if the owner has an existing liability for any other fees or  
230 taxes due. Any refund will be applied to the existing liability due."

231 **SECTION 4.**

232 Said article is further amended by revising Code Section 50-27-73, relating to refusal to issue  
233 or renew license, revocation or suspension, hearing, and limitation on issuance of licenses,  
234 and by adding a new subsection to read as follows:

235 "50-27-73.

236 (a) The corporation shall not renew a license for a person under this article and shall  
237 suspend for any period of time or cancel a license if the corporation finds that the applicant  
238 or licensee is indebted to the state for any fees, costs, penalties, or delinquent fees.

239 (a.1) When applying for the issuance of a Class B operator license, and annually thereafter,  
240 the applicant/licensee shall provide to the corporation such documents and information as  
241 required by the corporation through the promulgation of its rules and regulations. At a  
242 minimum, each applicant or licensee shall supply the following:

243 (1) Complete copies of federal and state income tax returns of the applicant company  
244 or licensee for the most recent three years;

245 (2) In the event the applicant or licensee is an individual, complete copies of individual  
246 federal and state income tax returns for the most recent three years;

247 (3) In the case of an application for the renewal of an operator license, a profit and loss  
248 statement prepared by a certified public accountant covering the most recent three years  
249 of the operation of the operator licensee company;

250 (4) In the case of an application for the issuance of an operator license, detailed  
251 banking records or records of other financial transactions showing the origin of the  
252 funds used in the purchase of the operator license;

253 (5) A complete list of all employees and independent contractors of the applicant or  
254 licensee; and

255 (6) An annual audited financial statement prepared by a certified public accountant.

256 (b) The corporation shall not issue or renew a license for a person under this article if the  
257 applicant does not designate and maintain an office in this state or if the applicant does not  
258 permit inspection by the corporation's agents of his or her place of business or of all records  
259 which the applicant or licensee is required to maintain; provided, however, that this  
260 subsection shall not apply to manufacturers.

261 (c) The corporation may refuse to issue or renew a manufacturer, distributor, or ~~master~~  
262 operator license or may revoke or suspend a manufacturer, distributor, or ~~master~~ operator  
263 license issued under this chapter if:

264 (1) The licensee or applicant has intentionally violated a provision of this chapter or a  
265 regulation promulgated under this chapter;

266 (2) The licensee or applicant has intentionally failed to provide requested information  
267 or answer a question, intentionally made a false statement in or in connection with his or  
268 her application or renewal, or omitted any material or requested information;

269 (3) The licensee or applicant used coercion to accomplish a purpose or to engage in  
270 conduct regulated by the corporation;

271 (4) ~~A master~~ An operator licensee or applicant allows the use of its ~~master~~ operator  
272 license certificate or per machine permit stickers by any other business entity or person  
273 that owns or operates bona fide coin operated amusement machines available for  
274 commercial use and available to the public for play. If such unauthorized use occurs, the  
275 corporation may fine the licensee as follows:

276 (A) One thousand dollars for each improper use of a per machine permit sticker; and

277 (B) Twenty-five thousand dollars for each improper use of a ~~master~~ an operator license  
278 certificate.

279 In addition, the corporation is authorized to seize the machines in question and assess the  
280 ~~master~~ operator license and permit fees as required by law and to assess the costs of such  
281 seizure to the owner or operator of the machines;

282 (5) Failure to suspend or revoke the license would be contrary to the intent and purpose  
283 of this article;

284 (6) The licensee or applicant has engaged in unfair methods of competition and unfair  
285 or deceptive acts or practices as provided in Code Section 50-27-87.1; or

286 (7) Any applicant, or any person, firm, corporation, legal entity, or organization having  
287 any interest in any operation for which an application has been submitted, fails to meet  
288 any obligations imposed by the tax laws or other laws or regulations of this state.

289 (d) The corporation, on the request of a licensee or applicant for a license, shall conduct  
290 a hearing to ascertain whether a licensee or applicant for a license has engaged in conduct  
291 which would be grounds for revocation, suspension, or refusal to issue or renew a license.

292 (e) Effective July 1, 2015, the corporation may issue up to 220 Class B master operator  
293 licenses through a process of competitive auction to be established by the corporation and  
294 such competitive auction shall occur at least once every three years effective July 1, 2015;  
295 provided, however, that any person or entity holding a Class B master operator license on  
296 the effective date of this subsection shall not be subject to the competitive auction process  
297 provided for in this Code section but shall be subject to all other requirements of this  
298 article; provided, further, that the corporation shall be permitted to renew Class B master  
299 operator licenses at any time."

300

**SECTION 5.**

301 Said article is further amended by revising subsection (d) of, and adding a new subsection  
302 to, Code Section 50-27-74, relating to right to notice and hearing, service of notice,  
303 establishment of procedures, and prohibition on assigning, transferring or selling by master  
304 licensee, as follows:

305 "(d) At the time that a ~~master~~ an operator licensee receives notice of a potential revocation  
306 of its master operator license as provided in this Code section, the master operator licensee  
307 shall be prohibited from assigning, selling, or otherwise transferring any of its contracts

308 with location owners or location operators to any other ~~master~~ operator licensee or other  
309 person, and such prohibition shall remain in effect unless or until a final decision, not  
310 subject to further appeal, is rendered which does not result in the revocation of the ~~master~~  
311 operator license. After a ~~master~~ an operator license is revoked by final order and no other  
312 appeals are available, any contracts between a ~~master~~ an operator licensee and a location  
313 owner or location operator for the providing of bona fide coin operated amusement  
314 machines shall be null and void, and the location owner or location operator shall be a new  
315 COAM location. Nothing in this subsection shall prevent a location owner or location  
316 operator from exercising any contractual right to place machines of another ~~master~~ operator  
317 licensee in such location.

318 (e) Any settlement agreement entered into or proposed by the corporation and a licensee  
319 or licensees resolving a citation, denial of a license renewal, notice of license revocation,  
320 or any other disciplinary action shall be submitted to the hearing officer appointed by the  
321 chief executive officer of the corporation for review and approval. The hearing officer  
322 shall review the terms of the proposed settlement at a hearing set for this purpose, unless  
323 both the corporation and licensee waive the same. The hearing officer may approve the  
324 agreement if he or she determines that the proposed resolution is consistent with the  
325 resolutions of previous similar matters, and has a rational basis."

326

## SECTION 6.

327 Said article is further amended by revising subsection (a) of Code Section 50-27-75, relating  
328 to delivery of order refusing application or imposing sanction, as follows:

329 "(a) The corporation shall deliver to the applicant or licensee a written copy of the order  
330 refusing an application or renewal application, revoking a ~~master~~ an operator license, or  
331 imposing any other sanction provided in this article issued after any required hearing  
332 provided by Code Section 50-27-74."

333

**SECTION 7.**

334 Said article is further amended by revising subsections (c) and (e) of Code Section 50-27-78,  
335 relating to payment and collection of annual permit fee, permit stickers, treatment of fees,  
336 and penalty for defacing sticker, as follows:

337 "(c) Each permit sticker shall not list the name of the owner but shall have a control  
338 number which corresponds with the control number issued on the ~~master~~ operator license  
339 certificate to allow for effective monitoring of the licensing and permit system. Permit  
340 stickers are only required for bona fide coin operated amusement machines in commercial  
341 use available to the public for play at a location."

342 "(e) Each permit sticker issued for a bona fide coin operated amusement machine which  
343 rewards a winning player exclusively with free replays, noncash ~~redemption~~ merchandise,  
344 prizes, toys, gift certificates, or novelties; or points, tokens, tickets, cards, or other evidence  
345 of winnings that may be exchanged for free replays or noncash ~~redemption~~ merchandise,  
346 prizes, toys, gift certificates, or novelties, in accordance with the provisions of subsections  
347 (b) through (d) of Code Section 16-12-35 shall include the following: 'GEORGIA LAW  
348 PROHIBITS THE PAYMENT OR RECEIPT OF ANY MONEY FOR REPLAYS OR  
349 MERCHANDISE AWARDED FOR PLAYING THIS MACHINE. O.C.G.A. SECTION  
350 16-12-35.'

351

**SECTION 8.**

352 Said article is further amended by revising Code Section 50-27-82, relating to criminal  
353 violations, investigations, seizure and confiscation of machines, repossession, and sealing of  
354 machines, as follows:

355 "50-27-82.

356 (a) If any owner or operator of any bona fide coin operated amusement machine in this  
357 state shall violate any provision of this article or any rule and regulation promulgated under  
358 this article, the corporation may investigate the violation and may seek sanctions, including

359 late fees of \$50.00 for failure to pay timely permit sticker fees, \$125.00 for failure to pay  
360 timely the ~~master~~ operator license fee, suspension or revocation of a license, seizure of  
361 equipment, interest penalty, and debarment for repeat offenders.

362 (b) No person other than an owner shall intentionally remove a current permit sticker from  
363 a bona fide coin operated amusement machine or from the location where the machine is  
364 located. Any person who violates this subsection shall be guilty of a misdemeanor.

365 (c) A person who owns or operates bona fide coin operated amusement machines without  
366 a current ~~master~~ operator license or without a permit sticker on display shall be guilty of  
367 a misdemeanor.

368 (d) A person who knowingly makes a material false statement on any application or  
369 renewal application for a ~~master~~ an operator license or permit sticker under this article by  
370 fraud, misrepresentation, or subterfuge or makes a material false entry on any book, record,  
371 or report which is compiled, maintained, or submitted to the corporation pursuant to the  
372 provisions of this article is guilty of a felony and upon conviction thereof shall be punished  
373 by imprisonment for not less than one nor more than five years, a fine not to exceed  
374 \$25,000.00, or both.

375 (e) Any bona fide coin operated amusement machine not having the required ~~master~~  
376 operator license or permit stickers may be seized and confiscated by the corporation's  
377 agents or employees and sold at public auction after 30 days' advertisement. Upon  
378 payment of the license required, the corporation may return any property so seized and  
379 confiscated and compromise any fee or penalty assessed. The owner from whom the bona  
380 fide coin operated amusement machine is seized may, at any time within ten days after the  
381 seizure, repossess the property by filing with the corporation a bond, in cash or executed  
382 by a surety company authorized to do business in this state, in double amount of the tax and  
383 penalties due. Within 30 days after the bond has been filed, the owner must bring an action  
384 in a court of competent jurisdiction to have the seizure set aside; otherwise, the bond so  
385 filed shall be declared forfeited to the corporation.

386 (f) The chief executive officer or an authorized representative thereof may seal in a manner  
387 that will prevent its full operation any such bona fide coin operated amusement machine  
388 that is in commercial use available to the public for play whose ~~master~~ operator license or  
389 sticker under this article has been suspended or revoked, upon which the fee has not been  
390 paid, or that is not registered with the corporation under this article. Whoever shall break  
391 the seal affixed by the chief executive officer or an authorized representative thereof  
392 without the chief executive officer's approval or whoever shall provide in commercial use  
393 available to the public for play any such bona fide coin operated amusement machine after  
394 the seal has been broken without the chief executive officer's approval or whoever shall  
395 remove any bona fide coin operated amusement machine from its location after the same  
396 has been sealed by the chief executive officer shall be guilty of a misdemeanor. The  
397 corporation shall charge a fee of \$75.00 for the release of any bona fide coin operated  
398 amusement machine which is sealed. The fee shall be paid to the corporation."

399

**SECTION 9.**

400 Said article is further amended by revising Code Section 50-27-84, relating to limitation on  
401 percent of monthly gross retail receipts derived from machines, monthly verified reports,  
402 issuance of fine or revocation or suspension of license for violations, and submission of  
403 electronic reports, as follows:

404 "50-27-84.

405 (a) As used in this Code section, the term:

406 (1) 'Amusement or recreational establishment' means an open-air establishment  
407 frequented by the public for amusement or recreation. Such an establishment shall be in  
408 a licensed fixed location located in this state and which has been in operation for at least  
409 35 years.



410 (2) 'Business location' means any structure, vehicle, or establishment where a business  
411 is conducted or any establishment controlled by a fraternal benefit society or a nationally  
412 recognized veterans organization.

413 (3) 'Gross retail receipts' means the total revenue derived by a business at any one  
414 business location from the sale of goods and services and the commission earned at any  
415 one business location on the sale of goods and services but shall not include revenue from  
416 the sale of goods or services for which the business will receive only a commission. The  
417 sale of goods or services for which the business will receive only a commission shall not  
418 include the sale of any item which the business has purchased for resale. Revenue shall  
419 not include the sale of goods and services at wholesale.

420 (b)(1) No location owner or location operator other than a fraternal benefit society which  
421 has been in existence for a minimum of three years or a nationally recognized veterans  
422 organization shall derive more than 50 percent of such location owner's or location  
423 operator's ~~monthly~~ gross retail receipts, calculated quarterly, for the business location in  
424 which the Class B machine or machines are situated from such Class B machines;  
425 provided, however, that revenues that are due to ~~a master~~ an operator licensee or the  
426 corporation or noncash redemption that is earned by the player shall not be deemed  
427 revenue derived from Class B machines.

428 (2) No location owner or location operator shall offer more than nine Class B machines  
429 to the public for play in the same business location; provided, however, that this  
430 limitation shall not apply to an amusement or recreational establishment.

431 (c) For each business location which offers to the public one or more Class B machines,  
432 the location owner or location operator shall prepare a monthly verified report setting out  
433 separately by location in Georgia:

- 434 (1) The gross receipts from the Class B machines;  
435 (2) The gross retail receipts for the business location; and  
436 (3) The net receipts of the Class B machines.

437 (c.1) Each person holding a Class B ~~master~~ operator license shall prepare a monthly  
438 verified report setting out separately by location in Georgia:

439 (1) The gross receipts from the Class B machines which the ~~master~~ operator licensee  
440 maintains; and

441 (2) The net receipts of the Class B machines.

442 (d) In accordance with the provisions of Code Section 50-27-73 and the procedures set out  
443 in Code Sections 50-27-74 and 50-27-75, the corporation may fine an applicant or holder  
444 of a license, refuse to issue or renew a location license or ~~master~~ operator license, or revoke  
445 or suspend a location license or ~~master~~ operator license for single or repeated violations of  
446 subsection (b) of this Code section.

447 (e) A location owner or location operator shall report the information prescribed in this  
448 Code section in the form required by the corporation. Such report shall be submitted in an  
449 electronic format approved by the corporation.

450 (f) Beginning on August 20, 2013, and on the twentieth day of each month thereafter, for  
451 the previous month, the reports required by subsections (c) and (c.1) of this Code section  
452 shall be supplied to the corporation on forms provided by the corporation, including  
453 electronic means. The corporation shall be authorized to audit any records for any such  
454 business location or ~~master~~ operator licensee subject to this Code section. The corporation  
455 may contract with any state agencies to perform the audits authorized by this Code section,  
456 and it may contract or enter into a memorandum of understanding with the Department of  
457 Revenue to enforce the provisions of this Code section."

458 **SECTION 10.**

459 Said article is further amended by revising Code Section 50-27-87, relating to master licenses  
460 and requirements and restrictions for licensees, as follows:

461 "50-27-87.

462 (a)(1) Except as provided in this Code section, a person shall not own, maintain, place,  
463 or lease a bona fide coin operated amusement machine unless he or she has a valid ~~master~~  
464 operator license; provided, however, that a manufacturer or distributor may own a bona  
465 fide coin operated amusement machine intended for sale to an operator, ~~master~~ operator  
466 licensee, manufacturer, or distributor.

467 (2) ~~A master~~ An operator licensee shall only place or lease bona fide coin operated  
468 amusement machines for use in Georgia in a licensed location owner's or location  
469 operator's establishments.

470 (3) To be eligible as a ~~master~~ an operator licensee, the person shall not have had a  
471 gambling license in any state for at least five years prior to obtaining or renewing a  
472 Georgia ~~master's~~ operator's license.

473 (4) On or after July 1, 2013, no person with or applying for a ~~master~~ an operator license  
474 shall have an interest in any manufacturer, distributor, location owner, or location  
475 operator in this state. No person with or applying for a manufacturer license shall have  
476 an interest in a distributor, ~~master~~ operator licensee, location owner, or location operator  
477 in this state. No person applying for a distributor license shall have an interest in a  
478 manufacturer, ~~master~~ operator licensee, location owner, or location operator in this state.  
479 Additionally, no group or association whose membership includes manufacturers,  
480 distributors, operators, ~~master~~ operator licensees, location owners, or location operators  
481 shall obtain a ~~master~~ an operator license nor shall they form an entity which acts as a  
482 ~~master~~ an operator licensee, operator, location owner, or location operator for the purpose  
483 of obtaining a ~~master~~ an operator license; provided, however, that through June 30, 2015,  
484 this paragraph shall not apply to persons who, as of December 31, 2013, have or will  
485 have continuously possessed a ~~master~~ an operator license for ten or more years and, for  
486 ten or more years, have or will have continuously owned or operated a location where a  
487 bona fide coin operated machine has been placed. Beginning July 1, 2021, no person or

488 entity who has held a location license at any time during the prior three years shall be  
489 eligible for an operator license, and no person or entity who has held an operator license  
490 at any time during the prior three years shall be eligible for a location license. Nothing  
491 in this paragraph shall prohibit a manufacturer, distributor, or ~~master~~ operator licensee  
492 from entering into a financing arrangement with the other for the sale of machines,  
493 including but not limited to a lien, guaranty, or line of credit.

494 (5) Failure to adhere to the provisions of this subsection shall result in a fine of not more  
495 than \$50,000.00 and loss of the license for a period of one to five years per incident and  
496 subject the ~~master~~ operator licensee to the loss of any other state or local license held by  
497 the ~~master~~ operator licensee. The corporation shall notify any state or federal agency that  
498 issues a license to such ~~master~~ operator licensee of the breach of its duties under this  
499 article.

500 (b)(1) No bona fide coin operated amusement machine, its parts, or software or hardware  
501 shall be placed or leased in any location owner's or location operator's establishment  
502 except by a ~~master~~ an operator licensee and only if the owner or agent of the location  
503 owner or location operator has entered into a written agreement with a ~~master~~ an operator  
504 licensee for placement of the bona fide coin operated amusement machine. Beginning  
505 on July 1, 2013, no person with or applying for a location owner's or location operator's  
506 license shall have an interest in any person or immediate family member of a person with  
507 a ~~master~~ an operator license, or doing business as a distributor, or manufacturer in this  
508 state. A location owner or location operator may sell a bona fide coin operated  
509 amusement machine to anyone except another location owner or location operator.  
510 Failure to adhere to this subsection shall result in a fine of up to \$50,000.00 and loss of  
511 the location owner's or location operator's license for a period of one to five years per  
512 incident and subject the location owner or location operator to the loss of any other state  
513 or local licenses held by the location owner or location operator. The corporation shall

514 notify any state or federal agency that issues a license to such location owner or location  
515 operator of the breach of its duties under this article.

516 (2)(A) A copy of the written agreement shall be on file in the master operator licensee's  
517 and the location owner's and location operator's place of business and available for  
518 inspection by individuals authorized by the corporation. Within five business days of  
519 the execution of a contract executed on or after July 1, 2022, the licensees shall provide  
520 a copy of any written agreement entered into to the corporation and shall each certify  
521 that the copy provided is the valid agreement between such operator licensee and such  
522 location owner. The manner of providing a copy of the agreement and certifying its  
523 validity shall be promulgated by rule of the corporation. The time and the manner for  
524 providing a copy and certifying the validity of these written agreements shall be  
525 promulgated by rule of the corporation. In the event the licensees are unable to certify  
526 that the agreement provided to the corporation is valid by a deadline imposed by the  
527 corporation, the dispute of the validity of the written agreement shall be referred to a  
528 hearing officer pursuant to Code Section 50-27-102 and shall be governed by the  
529 provisions found therein.

530 (B)(i) The manner for providing a copy and certifying the validity of the written  
531 agreements as provided for under subparagraph (A) of this paragraph shall be  
532 promulgated by rule of the corporation.

533 (ii) The corporation shall maintain the certified agreements in a manner promulgated  
534 by rule of the corporation and may impose a fee to be promulgated by rule to cover  
535 the costs of maintenance of such agreements.

536 (C) The written agreements certified by the licensees and maintained by the  
537 corporation shall be the only agreements entered into evidence and considered by a  
538 hearing officer in a dispute governed by Code Section 50-27-102. Upon request, the  
539 corporation shall provide a copy of the agreement to the hearing officer appointed to  
540 hear any dispute concerning the enforcement of the written agreement.

541 (3)(A) Any written agreement entered into after April 10, 2013, shall be exclusive as  
542 between one bona fide coin operated amusement machine ~~master~~ operator licensee and  
543 one location owner or location operator per location. Any agreement entered into  
544 before April 10, 2013, shall not be deemed void for failure to allocate revenue pursuant  
545 to Code Section 50-27-87.1 or 50-27-102, and notwithstanding any agreements between  
546 ~~master~~ operator licensees and location owners and location operators, both shall act in  
547 a manner that complies with this chapter.

548 (B) Any agreement entered into or renewed after May 3, 2016, but before July 1, 2021,  
549 shall be for at least one year. Upon renewal, such agreement shall comply with the  
550 requirements of this chapter.

551 (C) Any agreement entered into after June 30, 2021, between an operator licensee and  
552 a new COAM location shall be for one year. Thereafter, in the event the parties agree  
553 to renew the agreement, it shall be for a term of one year or seven years. Upon a  
554 renewal of seven years, the location owner or location operator shall be entitled to  
555 receive additional incentive payments.

556 (D) Any renewals of a written agreement in force on July 1, 2021, shall be pursuant to  
557 the terms of the written agreement. However, if the parties to the written agreement  
558 elect to renew for a term of seven years, the location owner or location operator shall  
559 be entitled to receive additional incentive payments.

560 (E) In addition to the rights conferred upon location owners or location operators in  
561 subparagraphs (C) and (D) of this paragraph, a location owner or location operator shall  
562 have 30 days, beginning at the conclusion of a properly terminated agreement, for the  
563 placement of coin operated amusement machines to enter into a contract for one year  
564 with an operator licensee of its choice upon payment of an operator transfer fee. During  
565 this 30 day period, the coin operated amusement machines shall remain connected to  
566 the central accounting system and available to the public for play. The payment of the  
567 fee shall be a condition of the corporation's processing and approving the transfer. In

568 the event no operator transfer fee is paid during this 30 day period, the agreement for  
569 the placement of coin operated amusement machines between the location owner or  
570 location operator and the current operator licensee shall renew according to the terms  
571 found therein without regard to any previous termination. The operator transferee fee  
572 provided for under this subparagraph shall not be applicable in the case of sales  
573 between operator licensees.

574 (F) As a condition of the placement of coin operated amusement machines, any ~~Any~~  
575 applicant for a new location license for a location where machines have been placed at  
576 any time in the immediately preceding nine months shall either: that is not a new  
577 COAM location shall

578 ~~(i) Not place machines in such location for nine months from the date of the granting~~  
579 ~~of the location license; or~~

580 ~~(ii) Formally accept an assignment of the written agreement between the master~~  
581 ~~operator licensee and the immediately preceding location owner or location operator~~  
582 ~~without regard to any termination of the same by the immediately preceding location~~  
583 ~~owner or location operator; provided, however, that the master operator licensee may~~  
584 ~~refuse to assign the written agreement. An assigned written agreement shall satisfy~~  
585 ~~the provisions of subparagraph (A) of this paragraph without regard to the name of~~  
586 ~~the location licensee or operator licensee appearing on such written agreement.~~

587 (G) Notwithstanding any other law to the contrary, an operator licensee may waive its  
588 rights under subparagraph (E) of this paragraph by notifying the corporation in the  
589 manner provided by Code Section 50-27-102. Upon such waiver, the location owner  
590 or location operator shall be a new COAM location. A location owner or location  
591 operator may be relieved of the requirement found in subparagraph (E) of this  
592 paragraph upon a showing of good cause to a hearing officer appointed under Code  
593 Section 50-27-102. Upon a finding of good cause, the location owner or location  
594 operator shall be a new COAM location.

595 For the purposes of ~~division (ii) of this~~ subparagraph (F) of this paragraph, the ~~master~~  
 596 operator licensee is the ~~master~~ operator licensee that, in the ~~nine~~ 36 months preceding  
 597 the application for a new location license, had the last written agreement with the  
 598 immediately preceding location owner or location operator or the ~~master~~ operator  
 599 licensee that, in the ~~nine~~ 36 months preceding the application for a new location license,  
 600 had requested or commenced a hearing pursuant to Code Section 50-27-102, whichever  
 601 had machines placed in the location first.

602 (c) No person shall receive a portion of any proceeds or revenue from the operation of a  
 603 bona fide coin operated amusement machine except the operator, location owner, or  
 604 location operator, notwithstanding Code Section 50-27-102. No commission or fee shall  
 605 be awarded for the facilitation of a contract or agreement between a ~~master~~ an operator  
 606 licensee and a location owner or location operator; provided, however, that an employee  
 607 of a ~~master~~ an operator licensee may receive compensation, including a commission, for  
 608 such agreements or contracts. ~~A master~~ An operator licensee shall not pay a commission  
 609 or provide anything of value to any person who is an employee, independent contractor,  
 610 or immediate family member of a location owner or location operator.

611 (d) This Code section shall only apply to manufacturers, distributors, operators, ~~master~~  
 612 operator licensees, and location owners or location operators of Class B machines."

613

### SECTION 11.

614 Said article is further amended by revising Code Section 50-27-87.1, relating to unfair  
 615 methods of competition and unfair and deceptive acts, as follows:

616 "50-27-87.1.

617 The following acts or practices are deemed unfair methods of competition and unfair and  
 618 deceptive acts under this article:

619 (1) Until the corporation certifies that the Class B accounting terminal authorized by  
 620 Code Section 50-27-101 is implemented, a ~~master~~ an operator licensee, location owner,



621 or location operator retaining more than 50 percent of the net monthly proceeds for the  
622 operation of a Class B machine;

623 (2) ~~A master~~ An operator licensee or owner entering into an agreement with a  
624 manufacturer or distributor:

625 (A) That grants the owner or ~~master~~ operator licensee exclusive rights to own,  
626 maintain, place, or lease a type, model, or brand of bona fide coin operated amusement  
627 machine in this state; or

628 (B) For the lease of a bona fide coin operated amusement machine, its parts, or  
629 software or hardware;

630 (3) A location owner or location operator asking, demanding, or accepting anything of  
631 value, including but not limited to a loan or financing arrangement, gift, procurement fee,  
632 lease payments, revenue sharing, or payment of license fees or permit fees from a  
633 manufacturer, distributor, or ~~master~~ operator licensee, as an incentive, inducement, or any  
634 other consideration to locate bona fide coin operated amusement machines in that  
635 establishment. The demand or receipt of additional incentive payments by a location  
636 owner or location operator shall not be violation of this paragraph. Further, nothing in  
637 this paragraph shall prohibit a location owner or location operator from accepting  
638 customer relation marketing funds. A location owner that violates this subsection shall  
639 have all of the location owner's state business licenses revoked for a period of one to five  
640 years per incident. The location owner also shall be fined up to \$50,000.00 per incident  
641 and required to repay any incentive fees or other payments received from the operator;  
642 and

643 (4) A manufacturer, distributor, operator, ~~master~~ operator licensee, or individual  
644 providing anything of value, including but not limited to a loan or financing arrangement,  
645 gift, procurement fee, lease payments, revenue sharing, or payment of license fees or  
646 permit fees to a location owner or location operator, as an incentive, inducement, or any  
647 other consideration to locate bona fide coin operated amusement machines in that

648 establishment. The payment by an operator licensee of additional incentive payments to  
649 a location owner or location operator shall not be a violation of this paragraph. Further,  
650 nothing in this paragraph shall prohibit an operator licensee from paying customer  
651 relation marketing funds. A manufacturer, distributor, operator, ~~master operator~~ licensee,  
652 or individual who violates this subsection shall have all of his or her state business  
653 licenses revoked for a period of one to five years per incident. The individual,  
654 manufacturer, distributor, owner, or ~~master operator~~ licensee also shall be fined up to  
655 \$50,000.00 per incident.

656 (5) The provision of something of value directly to a player in order to promote the play  
657 of Class B coin operated amusement machines; or of physical or digital signage,  
658 traditional or digital marketing, player data, or a bill counter to the location owner or  
659 location operator to promote the play of Class B coin operated amusement machines; and  
660 temporary partition walls, paint or other wall covering or flooring limited to the  
661 amusement area by an operator licensee to a location owner or location operator shall be  
662 exempt from the prohibitions set forth in paragraphs (3) and (4) of this Code Section.

663 (6) An operator licensee or operator shall not enroll a player in any player tracking  
664 system or reward system without the express consent and knowledge of a player. An  
665 operator licensee or operator shall not conduct any direct marketing or offer incentives  
666 to a player without the express consent and knowledge of a player, proof of which shall  
667 be provided to the corporation annually. No location owner, location operator, or the  
668 affiliates, employees, or immediate family members of a location owner or location  
669 operator shall enroll in a player tracking or reward system. The total cost of the rewards  
670 provided to players by an operator licensee shall not exceed 10 percent of the annual  
671 gross Class B coin operated amusement machine revenue received by the operator  
672 licensee. Any data collected from players shall be shared with the corporation and the  
673 state upon request of the corporation or state for the purpose of formulating and  
674 implementing problem gambling regulations."

675

**SECTION 12.**

676 Said article is further amended by revising subsection (a) of Code Section 50-27-89, relating  
677 to Bona Fide Coin Operated Amusement Machine Operator Advisory Board, membership,  
678 terms, policies and procedures, and selection of vendors, as follows:

679 "(a) There shall be a Bona Fide Coin Operated Amusement Machine Operator Advisory  
680 Board to be composed of ten members. The chief executive officer of the corporation shall  
681 serve as a member. Two members shall be appointed by the Speaker of the House of  
682 Representatives, two members by the Lieutenant Governor, and five members by the  
683 Governor; at least one appointee shall be a licensed location owner or location operator.  
684 At least seven members shall be Georgia operators with current ~~master~~ operator licenses  
685 representing the broadest possible spectrum of business characteristics of bona fide coin  
686 operated amusement machine operators."

687

**SECTION 13.**

688 Said article is further amended by revising Code Section 50-27-102, relating to role of  
689 corporation, implementation and certification, separation of funds and accounting, and  
690 disputes, as follows:

691 "50-27-102.

692 (a) Upon successful implementation and certification of the Class B accounting terminal  
693 under the provisions of Code Section 50-27-101, and for the first fiscal year thereafter, the  
694 corporation shall:

695 (1) Retain 5 percent of the net receipts;

696 (2) Provide, within five business days of receipt, 47.5 percent of the net receipts to the  
697 location owner and location operator for the cost associated with allowing the Class B  
698 machines to be placed; and

699 (3) Provide, within five business days of receipt, 47.5 percent of the net receipts to the  
700 operator holding the Class B ~~master~~ operator license for the cost of securing, operating,  
701 and monitoring the machines.

702 (b) In each fiscal year after the implementation and certification required by subsection (a)  
703 of this Code section, the corporation's share shall increase 1 percent, taken evenly from the  
704 location owner or location operator and the operator, to a maximum of 10 percent.

705 (c) The corporation shall require location owners and location operators to place all bona  
706 fide coin operated amusement machine proceeds due the corporation in a segregated  
707 account in institutions insured by the Federal Deposit Insurance Corporation not later than  
708 the close of the next banking day after the date of their collection by the retailer until the  
709 date they are paid over to the corporation. At the time of such deposit, bona fide coin  
710 operated amusement machine proceeds shall be deemed to be the property of the  
711 corporation. The corporation may require a location owner or location operator to establish  
712 a single separate electronic funds transfer account where available for the purpose of  
713 receiving proceeds from Class B machines, making payments to the corporation, and  
714 receiving payments for the corporation. Unless otherwise authorized in writing by the  
715 corporation, each bona fide coin operated amusement machine location owner or location  
716 operator shall establish a separate bank account for bona fide coin operated amusement  
717 machine proceeds which shall be kept separate and apart from all other funds and assets  
718 and shall not be commingled with any other funds or assets. Whenever any person who  
719 receives proceeds from bona fide coin operated amusement machines becomes insolvent,  
720 the proceeds due the corporation from such person shall have preference over all debts or  
721 demands. Whenever any person who receives proceeds from bona fide coin operated  
722 amusement machines dies insolvent, the proceeds due the corporation from such person's  
723 estate shall have preference over all debts or demands except the provision of year's  
724 support for such person's family. If any financial obligation to the corporation has not been  
725 timely received, the officers, directors, members, partners, or shareholders of the location

726 owner or location operator shall be personally liable for the moneys owed to the  
727 corporation.

728 (d)(1) As a condition of the license issued pursuant to this article, no master operator  
729 licensee or location owner or location operator shall replace or remove a Class A or Class  
730 B bona fide coin operated amusement machine from a location until the master operator  
731 licensee and location owner or location operator certify to the corporation that there are  
732 no disputes regarding any agreement, distribution of funds, or other claim between the  
733 master operator licensee and location owner or location operator; provided, however, that  
734 this certification shall not be required if a master operator licensee is replacing its own  
735 Class A or Class B bona fide coin operated amusement machine at a location. If either  
736 the master operator licensee or location owner or location operator is unable to make the  
737 certification required by this Code section, the corporation shall refer the dispute to a  
738 hearing officer as set forth in this subsection.

739 (2) The corporation shall have jurisdiction of all disputes between and among any  
740 licensees or former licensees whose licenses were issued pursuant to this article relating  
741 in any way to any agreement involving coin operated amusement machines, distribution  
742 of funds, tortious interference with contract, other claims against a subsequent master  
743 operator license holder or location owner, or any other claim involving coin operated  
744 amusement machines; provided, however, that this paragraph shall not apply to any  
745 agreement which expired on or before April 10, 2013. Except as provided in paragraph  
746 (1) of this subsection, the corporation shall refer any dispute certified by any master  
747 operator licensee against any other master operator licensee or any location owner or  
748 location operator or by any location owner or location operator against any master  
749 operator licensee to a hearing officer. For the purpose of service on licensees with  
750 respect to disputes, each licensee or former licensee shall register and keep current with  
751 the corporation the name of an agent and his or her address and an e-mail address which  
752 shall be made available to any licensee on request. Service by registered mail, courier

753 delivery, or overnight mail delivered to the agent's registered address and to the e-mail  
754 address shall be adequate service on the licensee for a hearing on the dispute. All  
755 disputes subject to the provisions of this Code section certified by ~~a master~~ an operator  
756 licensee, location owner, or location operator shall be decided by a hearing officer  
757 approved or appointed by the corporation. The corporation shall adopt rules and  
758 regulations governing the selection of hearing officers after consultation with the Bona  
759 Fide Coin Operated Amusement Machine Operator Advisory Board. Costs of the hearing  
760 officer's review, including any hearing set pursuant to this Code section, shall be shared  
761 equally between the parties in the dispute unless provided otherwise in the agreement or  
762 by the hearing officer; provided, however, that the corporation shall not be responsible  
763 for any of the costs associated with the dispute resolution mechanism set forth in this  
764 Code section. If any party fails to timely pay the costs of the hearing officer's review  
765 within ten days of service of notice of costs by the hearing officer, the hearing officer  
766 shall grant a default judgment on liability against the nonpaying party. The hearing  
767 officer shall then consider evidence related to damages or any other relief and shall render  
768 judgment based upon a preponderance of the evidence.

769 (3) The corporation shall also adopt rules governing the procedure, evidentiary matters,  
770 and any prehearing discovery applicable to disputes resolved pursuant to this Code  
771 section. Such rules shall be consistent with the Georgia Arbitration Code, and the  
772 corporation shall consult the Bona Fide Coin Operated Amusement Machine Operator  
773 Advisory Board regarding the procedures or rules adopted pursuant to this subsection.  
774 Notwithstanding Code Section 9-9-9, such procedures and rules shall include at least the  
775 right of notice to produce books, writings, and other documents or tangible things;  
776 depositions; and interrogatories.

777 (4) If requested by the ~~master~~ operator licensee or the location owner or location  
778 operator, the hearing officer shall conduct a hearing as to the dispute, but in no case  
779 unless extended by the hearing officer for good cause shall the hearing officer conduct

780 a hearing more than 90 days after he or she has been appointed or selected to decide the  
781 dispute. No Class B bona fide coin operated amusement machine that is subject to the  
782 dispute resolution mechanism required by this Code section shall be removed from the  
783 terminal by a ~~master~~ an operator licensee, location owner, or location operator or  
784 otherwise prevented by a ~~master~~ an operator licensee, location owner, or location operator  
785 from play by the public until a final decision is entered and all appellate rights have been  
786 exhausted, or until the ~~master~~ operator licensee and location owner or location operator  
787 agree to a resolution, whichever occurs first.

788 (5) The decision of the hearing officer may be appealed to the chief executive officer or  
789 his or her designee. The chief executive officer shall not reverse a finding of fact of the  
790 hearing officer if any evidence supports the hearing officer's conclusion. The chief  
791 executive officer shall not reverse a conclusion of law of the hearing officer unless it was  
792 clearly erroneous, arbitrary, and capricious or exceeded the hearing officer's jurisdiction.  
793 The decision of the chief executive officer may be appealed to the Superior Court of  
794 Fulton County, which court shall not reverse the chief executive officer's findings of fact  
795 unless it is against the weight of the evidence as set forth in Code Section 5-5-21, and the  
796 chief executive officer's legal conclusions shall not be set aside unless there is an error  
797 of law."

798 **SECTION 14.**

799 Said article is further amended by revising Code Section 50-27-103, relating to removal of  
800 Class B machines, notification, and audits, as follows:

801 "50-27-103.

802 (a) Any local governing authority may, after providing no less than 60 days' notice to all  
803 ~~master~~ operator licensees and location owners and location operators, and in a manner  
804 consistent with this Code section, vote to remove any Class B machines from the local  
805 jurisdiction.

806 (b) Beginning on the first day of the first January after the certification of the Class B  
807 accounting terminal under the provisions of Code Section 50-27-101:

808 (1) The corporation shall notify any master operator licensee and location owner and  
809 location operator of any materially adverse findings of any audit conducted by the  
810 corporation to ensure compliance with Code Section 50-27-102. The notice shall be  
811 provided to both the master operator licensee and the location owner or location operator,  
812 regardless of which party's acts or conduct caused the materially adverse finding;

813 (2) If, after the notice required by this Code section, another consecutive audit conducted  
814 by the corporation not less than six months later contains a similar materially adverse  
815 finding, the corporation shall notify the master operator licensee and the location owner  
816 or location operator that were audited and every master operator licensee and location  
817 owner and location operator in this state. After the second consecutive audit described  
818 in this paragraph, the corporation may enter into a corrective action plan with the master  
819 operator licensee or the location owner or location operator, or both. If the next audit  
820 conducted by the corporation not less than six months later contains a similar materially  
821 adverse finding, the corporation shall notify the master operator licensee and the location  
822 owner or location operator that were audited and every master operator licensee and  
823 location owner and location operator in this state, and such notice shall be considered an  
824 order by the corporation. Unless a longer period of time is agreed to by the corporation,  
825 not more than 30 days after the third consecutive materially adverse audit finding, the  
826 master operator licensee and location owner or location operator that were audited may  
827 appeal the findings of any of the three audits to the Office of State Administrative  
828 Hearings as a contested case under Chapter 13 of Title 50, the 'Georgia Administrative  
829 Procedure Act.' If the master operator licensee or location owner or location operator that  
830 was audited does not appeal the corporation's order as authorized in this Code section, it  
831 shall be deemed a final order and shall be used to determine whether the notice to local  
832 governing authorities provided for in paragraph (3) of this subsection is required, and



833 only upon such notice shall the action described by subsection (a) of this Code section  
834 be authorized. For the purposes of this Code section, notice shall be provided in the same  
835 manner required by subsection (b) of Code Section 50-27-74; and  
836 (3) If, pursuant to paragraph (2) of this subsection, a final judgment or final order has  
837 been entered against at least 15 percent of ~~master~~ operator licensees and location owners  
838 and location operators in a local jurisdiction over any consecutive two-year period, the  
839 corporation shall notify the city or county and each and every licensee in this state."

840

**SECTION 15.**

841 All laws and parts of laws in conflict with this Act are repealed.