

HB 915 -- GAMING

SPONSOR: Shaul

LOTTERY GAME PLAYS

The Lottery Commission may incur fees when accepting debit cards or other electronic payment methods for the sale of lottery game plays.

MISSOURI VIDEO LOTTERY CONTROL ACT (Sections 313.360, 313.429, 313.433, 313.434, 313.435, 313.436 and 313.437 RSMo.)

This bill establishes the "Missouri Video Lottery Control Act", which is the regulatory framework for the use of video terminals.

The Lottery Commission must implement a system of video lottery game terminals using a licensing structure for processing license applications and issuing licenses to video lottery game manufacturers, distributors, operators, handlers, and retailers, as defined in the bill, for the conduct of lottery games using video lottery game terminals within the state. No person is authorized to hold more than one type of video lottery game license, except that a video lottery game manufacturer can obtain both a manufacturer's and a distributor's license.

The Commission shall not allow a single vendor or licensee to be responsible for implementing video lottery game terminals, nor shall it allow a single vendor or licensee to control or operate more than 25% of video lottery game terminals in the state after December 31, 2025.

Video lottery game terminals shall be connected to a centralized computer system developed or procured by the Commission. No video lottery game terminal shall be placed in operation without first connecting to such centralized computer system. A vendor that provides the centralized computer system cannot be licensed as a video lottery game operator or retailer.

Application and license fees are set out in the bill. Application fees are nonrefundable and license fees are nontransferable. Local license requirements, sticker fees, and taxes are prohibited.

No license shall be issued to any person who has been convicted of a felony or crime involving illegal gambling.

Video lottery game terminals must meet independent testing standards approved by the Lottery Commission as tested by one or more approved independent test labs.

Licensed video lottery game manufacturers, distributors, and operators may buy, sell, or lease new or refurbished video lottery game terminals.

Licensed video lottery game operators must pay winning tickets using a video lottery game ticket redemption terminal, which must be located within the video lottery game retailer's establishment in direct proximity of where such video lottery games are offered. Video lottery game operators must pay to the Commission 32% of any unclaimed cash prizes associated with winning tickets that have not been redeemed within 180 days of issue.

Video lottery game operators and video lottery game retailers shall enter into a written agreement for the placement of video lottery game terminals. The agreement shall specify an equal division of adjusted gross receipts between the operator and retailer after adjustments for taxes and administrative fees are made. Video lottery game operators and video lottery game retailers are prohibited from offering anything of value other than the percentage of adjusted gross receipts for the placement of video lottery terminals.

Operators shall not operate: more than 10 terminals at any one fraternal organization, veterans organization, or truck-stop; or more than five terminals in any one establishment licensed to sell liquor by the drink for on-premise consumption.

A person under the age of 21 cannot play video lottery games, and such video lottery game terminals must be under the supervision of a person that is at least 21 years of age. Video lottery game terminals must be placed in a fully enclosed room that is continually monitored by video surveillance and where access to persons under the age of 21 is prohibited.

Recorded video surveillance shall be made available as reasonably and specifically requested by the Commission. An operator that fails to review such video and report any known violation of law may be subject to an administrative fine not to exceed \$5,000. Any operator or retailer found to have knowingly committed a violation of provisions governing the conduct of video lottery games may be subject to a fine of \$5,000, the suspension of such operator's retailer's license for up to 30 days, or, in the case of repeated violations, the revocation of such operator's or retailer's license for up to one year.

Video lottery game operators shall pay to the Commission 36% of the video lottery game adjusted gross receipts. How these funds are apportioned are set out in the bill. The remaining net proceeds of

the sale of video lottery game tickets shall be appropriated equally to public elementary and secondary education and public institutions of higher education, with an emphasis on funding elementary and secondary education student transportation costs and public institutions of higher education workforce development programs.

All revenues collected by the Commission from license renewal fees and any reimbursements associated with the enforcement of the act shall be appropriated for administrative expenses associated with supervising and enforcing the provisions of this bill.

The Commission shall contract with a state law enforcement entity to assist in conducting investigations into applicants for licenses and to investigate violations of the provisions of this bill.

The use or possession of any video gaming terminal, gambling machine, or device capable of simulating lottery games, games of chance, or gambling games, and that is not licensed by the Lottery Commission or Gaming Commission shall be punishable under the provisions of Chapter 572, RSMo, relating to illegal gambling. Any lottery vendor or licensee violating such provisions shall be guilty of a class D felony and fined up to \$10,000 per occurrence. The Commission shall suspend or revoke the license of any vendor or licensee that allows the use of any prohibited video gaming terminal.

Participation in the State Lottery under this bill shall not be construed to be a lottery or gift enterprise in violation of Article III, Section 39 of the Constitution of Missouri, and shall not constitute a valid reason for the denial or revocation of a permit to sell liquor.

This bill allows a municipality or county to adopt an ordinance within 180 days of the effective date of this bill prohibiting video lottery game terminals within the municipality or county.

The bill provides that if any provision of the Missouri Video Lottery Control Act or the application thereof to anyone or to any circumstance is held invalid, the remainder of those sections and the application of such provisions to others or other circumstances will not be affected thereby.

#### SPORTS WAGERING (Sections 313.1000 to 313.1022)

This bill governs sports wagering, defined as wagering conducted under Sections 313.1000 - 313.1022 on athletic and sporting events, on portions of athletic and sporting events, or on the individual statistics of athletes or competitors in a sporting event or

combination of sporting events. Sports wagering includes but is not limited to, single-game wagers, teaser wagers, parlays, over-unders, moneylines, pools, exchange wagering, in-game wagers, in-play wagers, proposition wagers, and straight wagers. Sports wagering does not include paid fantasy sports under Sections 313.900 to 313.955.

Sports wagering is prohibited from being offered in this state except by a licensed facility, which may offer sports wagering in person at a licensed facility; through an approved limited mobile gaming system; and over the Internet via an interactive sports wagering platform to persons physically located in this state.

Sports wagering commercial activity, as defined in the bill, is prohibited within any designated sports and entertainment district, except to the extent that the prohibition is waived in writing by each designated sports and entertainment district entity within the district and the written waivers are delivered to the Commission. The prohibition will not apply to the sole activity of offering sports wagering over the Internet via an interactive sports wagering platform that is accessible to persons physically located within the designated sports and entertainment district.

The Gaming Commission must adopt rules to implement the sports wagering laws, which must include but are not limited to:

- (1) Standards and procedures to govern the conduct of sports wagering;
- (2) Standards governing how a certificate holder offers sports wagering over the Internet through an interactive sports wagering platform to persons physically located in this state or in a reciprocal-agreement state;
- (3) The manner in which a certificate holder's books and records relating to sports wagering are maintained;
- (4) Standards concerning the detection and prevention of compulsive gambling; and
- (5) Standards prohibiting sports wagering commercial activity within a designated sports and entertainment district.

Certificate holders shall make commercially reasonable efforts to designate an area within the licensed facility for sports wagering, ensure the security and integrity of sports wagers accepted under an approved limited mobile gaming system, ensure that the certificate holder's surveillance system covers all areas in which sports wagering is conducted, allow the Commission to be present

through gaming agents during the hours sports wagering is conducted, ensure that individuals under the age of 21 are not making sports wagers, provide certain information to sports wagering patrons, and post a sign indicating the minimum and maximum amounts that may be wagered.

Sports wagering is prohibited except on licensed excursion gambling boats and under certain circumstances described previously, in designated sports and entertainment districts.

A licensed facility must apply to the Gaming Commission for authorization to conduct sports wagering, and must pay an application fee of \$25,000. If granted a certificate of authority, a certificate holder shall be authorized to conduct sports wagering in a licensed facility or through an interactive sports wagering platform, as defined.

Certificate holders shall designate an area within the licensed facility for conducting sports wagering, and it also may be conducted through the use of an approved limited mobile gaming system, which does not count against a certificate holder's limit of three individually branded interactive sports wagering platforms.

Sports wagering can be conducted with chips, tokens, electronic cards, cash, or other negotiable currency, and interactive sports wagering accounts can be funded in a variety of ways set out in the bill.

Other actions authorized for certificate holders include laying off wagers and contracting with third parties to conduct sports wagering at the licensed facility.

An interactive sports wagering platform, as defined, may apply to the commission for authority to offer sports wagering on behalf of a certificate holder. Such interactive sports wagering platform shall submit an application fee of \$25,000. Each year after licensure, an interactive sports wagering platform shall submit an annual license renewal fee of \$50,000.

A certificate holder must make commercially reasonable efforts to verify that a person placing a wager is of the legal minimum age authorized to place a wager.

The Commission shall promulgate rules for a sports wagering self-exclusion program, as described in the bill. The Commission shall also promulgate rules to ensure that advertisements for sports wagering do not target minors or other persons who are ineligible to place wagers, problem gamblers, or other vulnerable persons.

The Commission shall conduct background checks on individuals seeking licenses under these sections. Such background checks shall include a search for criminal history and any charges or convictions involving corruption or manipulation of sporting events.

A sports governing body may notify the Commission that it desires to restrict, limit, or exclude sports wagers, as defined in the bill, on its sporting events, including restrictions on sources of data and associated video upon which an operator may rely in offering and paying wagers. The Commission may deny such request if it determines that it is arbitrary and capricious. Except in certain emergency situations, such restrictions shall not apply to tier one sports wagers.

Certificate holders may use any data source to determine the results of sports wagers. However, within 60 days of a sports governing body notifying the Commission of its desire to supply official league data to certificate holders for determining the results of tier two wagers, as defined in the bill, certificate holders shall only use official league data to determine the results of such wagers.

The Commission and certificate holders shall cooperate with investigations conducted by law enforcement agencies.

A certificate holder must maintain records of all bets and wagers placed through an interactive sports wagering platform, and all bets and wagers placed in person that exceed \$10,000, including personally identifiable information of the bettor, the amount and type of bet, the time and date the bet was placed, the location of the bet, the outcome of the bet, and records of abnormal betting activity for at least three years after the sporting event occurs.

A tax is imposed at a rate of 6.25% on the adjusted gross receipts received from sports wagering conducted by a certificate holder. The tax shall be remitted by electronic funds transfer by the last business day of each month. Revenues received from the tax shall be deposited in the Gaming Proceeds for the Education Fund.

A certificate holder shall also pay to the Commission an annual administrative fee of \$50,000. In addition to such administrative fee, a certificate holder shall pay to the Commission a fee of \$10,000 every five years for a reinvestigation of the certificate holder. Such fees shall be deposited in the Gaming Commission Fund.

CONSTITUTIONALLY AUTHORIZED ACTIVITIES (Section 572.015)

The bill clarifies that Constitutionally-authorized activities under Article III, Sections 39(a) to 39(f) include a raffle using tickets, a device, or a machine, where a person or persons buy one or more chances from a finite number of draws for a prize. A machine or device must be certified as a raffle by an ISO-17025-accredited independent testing laboratory authorized to test similar devices for compliance in at least five jurisdictions.