

FIRST REGULAR SESSION

SENATE BILL NO. 452

99TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR HOSKINS.

Read 1st time February 21, 2017, and ordered printed.

ADRIANE D. CROUSE, Secretary.

1912S.03I

AN ACT

To amend chapter 313, RSMo, by adding thereto four new sections relating to video lottery.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Chapter 313, RSMo, is amended by adding thereto four new sections, to be known as sections 313.425, 313.427, 313.429, and 313.431, to read as follows:

313.425. Sections 313.425 to 313.431 shall be known and may be cited as the "Missouri Video Lottery Control Act" and shall establish the regulatory framework for the use of player-activated video terminals for the conduct of lottery games.

313.427. As used in sections 313.425 to 313.431, the following words and phrases shall mean:

(1) "Commission" or "lottery commission", the five-member body appointed by the governor to manage and oversee the lottery under section 313.215;

(2) "Credit", one, five, ten, or twenty-five cents either won or purchased by a player;

(3) "Establishment", any establishment owned or operated by a lottery game retailer that is licensed under chapter 311 to sell liquor at retail by the drink;

(4) "Video lottery game adjusted gross receipts", the total of cash or cash equivalents used for the play of a video lottery game on a video lottery game terminal minus cash or cash equivalent paid to players as a result of playing video lottery games on a video lottery game terminal;

(5) "Video lottery game handler", a person employed by a licensed

17 video lottery game operator to handle, place, operate, and service video
18 lottery game terminals and associated equipment;

19 (6) "Video lottery game manufacturer", any person that
20 manufactures video lottery game terminals or major parts and
21 components for video lottery game terminals as approved by the lottery
22 commission;

23 (7) "Video lottery game operator", a person licensed by the
24 commission that owns, rents, or leases services or maintains video
25 lottery game terminals for placement in licensed video lottery retailer
26 establishments;

27 (8) "Video lottery game retailer", a person meeting the
28 requirements of a lottery game retailer under section 313.260 and
29 possessing a license to sell liquor by the drink with whom a licensed
30 video lottery game operator has contracted for the placement of a video
31 lottery game terminal;

32 (9) "Video lottery game terminal", a coin, currency, or voucher
33 player-activated terminal that uses a video display and microprocessor
34 capable of randomly generating the outcome of video lottery games
35 approved by the commission where the player may receive a free game,
36 credit, or ticket that may be redeemed at a video lottery game ticket
37 redemption terminal. All video lottery games approved by the
38 commission shall have a minimum payout of eighty-five percent;

39 (10) "Video lottery game ticket redemption terminal", the
40 collective hardware, software, communications technology, and other
41 ancillary equipment used to facilitate the payment of tickets cashed out
42 by players as a result of playing a video lottery game terminal;

43 (11) "Voucher" or "ticket", a document printed at the conclusion
44 of any lottery game play or plays on a video lottery game terminal that
45 is redeemable in the establishment for which it was issued.

313.429. 1. The commission shall implement a system of video
2 lottery game terminals utilizing a licensing structure for processing
3 license applications and issuing licenses to video lottery game
4 manufacturers, video lottery game operators, video lottery game
5 handlers, and video lottery game retailers for the conduct of lottery
6 games utilizing video lottery game terminals within the state; except
7 that, a person licensed as a:

8 (1) Video lottery game manufacturer shall not be issued a license

9 as a video lottery game operator or a video lottery game retailer;

10 (2) Video lottery game operator shall not be issued a license as
11 a video lottery game manufacturer or video lottery game retailer; and

12 (3) Video lottery game retailer shall not be issued a license as a
13 video lottery game manufacturer or video lottery game operator.

14 Nothing in this subsection shall prevent a video lottery game
15 manufacturer from obtaining a video lottery game manufacturer's
16 license and providing and operating the centralized system for
17 monitoring video lottery game terminals.

18 2. Under no circumstances shall the commission:

19 (1) Authorize or allow a single vendor or licensee to implement
20 the system of video lottery game terminals created under this section;
21 or

22 (2) Allow a single licensed video lottery game operator to control
23 or operate more than twenty-five percent of video lottery game
24 terminals in the state.

25 3. (1) The video lottery game system authorized by this section
26 shall utilize multiple video lottery game manufacturers and video
27 lottery game operators to encourage private sector investment and job
28 opportunities for Missouri citizens. The commission may impose an
29 initial nonrefundable application fee as follows:

30 (a) For video lottery game manufacturers and video lottery game
31 operators, no more than fifty thousand dollars to cover the cost of
32 background checks of the applicants;

33 (b) For video lottery game retailer establishments, no more than
34 five hundred dollars; or

35 (c) For video lottery game handlers, no more than one hundred
36 dollars.

37 (2) Video lottery game manufacturers, video lottery game
38 operators, video lottery game handlers, and video lottery game retailers
39 shall annually renew any license issued under this section for a fee as
40 follows:

41 (a) Five thousand dollars for video lottery game manufacturers;

42 (b) Five thousand dollars for video lottery game operators;

43 (c) Fifty dollars for video lottery game handlers; and

44 (d) Five hundred dollars for each video lottery game retailer's
45 establishment.

46 **(3) In addition to the fees required in subdivisions (1) and (2) of**
47 **this subsection, video lottery game operators shall annually pay the**
48 **commission a fee of two hundred dollars for each video lottery game**
49 **terminal placed in service.**

50 **(4) Any license fee for a video lottery game terminal shall be**
51 **prorated, but no license fee shall be refunded if the video lottery game**
52 **terminal is taken out of service. A license issued under this subsection**
53 **shall be good for a period of two years upon payment of the**
54 **appropriate renewal fee prior to the beginning of the second year and**
55 **is nontransferable. Nothing in this subsection shall be construed to**
56 **relieve the licensee of the affirmative duty to notify the commission of**
57 **any change relating to the status of the license or to any other**
58 **information contained in the application materials on file with the**
59 **commission.**

60 **4. No license shall be issued to any person who has pled guilty**
61 **to or been convicted of a felony. No license requirement, fee, or tax**
62 **shall be imposed by any local jurisdiction upon a video lottery game**
63 **manufacturer, video lottery game operator, video lottery game retailer,**
64 **video lottery game handler, or video lottery game terminal or an**
65 **establishment relating to the operation of video lottery games, video**
66 **lottery game terminals, or associated equipment.**

67 **5. Licensed video lottery game manufacturers may sell video**
68 **lottery game terminals to licensed video lottery game operators. Such**
69 **video lottery game terminals shall be independently tested, capable of**
70 **randomly generating the outcome of games approved by the**
71 **commission, and able to print tickets.**

72 **Such video lottery game terminals shall be connected to a centralized**
73 **system that uses standard industry protocols approved by the**
74 **commission that allows the commission to activate or deactivate a**
75 **particular video lottery game terminal from a remote location and**
76 **capable of monitoring and auditing plays. The commission shall**
77 **procure and provide such centralized system, and such vendor shall not**
78 **be eligible to be licensed as a video lottery game operator or video**
79 **lottery game retailer.**

80 **6. (1) Licensed video lottery game operators:**

81 **(a) May buy, lease, or rent video lottery game terminals from**
82 **licensed video lottery game manufacturers;**

83 **(b) May handle, place, and service video lottery game terminals;**
84 **and**

85 **(c) Shall pay winning tickets using a video lottery game ticket**
86 **redemption terminal located at the video lottery game retailer's**
87 **establishment.**

88 **Rents or leases for video lottery game terminals shall be written at a**
89 **flat rate and shall not include revenue splitting as a method used in the**
90 **calculation of the lease or rent. A video lottery game manufacturer or**
91 **video lottery game operator may sell, lease, rent, trade, or exchange**
92 **any used video lottery game terminal to another licensed video lottery**
93 **game operator or video lottery game manufacturer if such video lottery**
94 **game terminal continues to meet the independent testing standard**
95 **prior to being activated for play.**

96 **(2) Licensed video lottery game operators and licensed video**
97 **lottery game retailers shall enter into an agreement for the placement**
98 **of video lottery game terminals. The agreement shall be on a form**
99 **approved by the commission and shall specify the percentage of**
100 **adjusted gross receipts that such video lottery game operator will pay**
101 **the video lottery game retailer for video lottery game plays at such**
102 **establishment. An agreement for the placement of a video lottery game**
103 **terminal entered into by a video lottery game operator with a video**
104 **lottery game retailer prior to the enactment of sections 313.425 to**
105 **313.431 shall be invalid. Video lottery game operators are specifically**
106 **prohibited from offering anything of value, other than the percentage**
107 **of adjusted gross receipts from plays at such location, to a video lottery**
108 **game retailer for the placement of video lottery game**
109 **terminals. Persons violating this subdivision are subject to the loss or**
110 **prohibition of their video lottery game operator's license.**

111 **(3) A video lottery game operator's terminal may use a player**
112 **reward system for tracking players and awarding players credits.**

113 **7. No licensed video lottery game operator shall:**

114 **(1) Offer a single-game play exceeding two dollars, nor shall the**
115 **pay-out for a single-game winning play exceed five hundred dollars;**

116 **(2) Operate in a retail establishment that is not also licensed to**
117 **serve liquor by the drink, except if the primary business is offering**
118 **services and amenities to large trucks at a location situated on three**
119 **or more contiguous acres within two thousand feet of an interstate or**

120 other major highway and sells more than twenty-five thousand gallons
121 of diesel fuel per month;

122 (3) Operate more than five video lottery game terminals at one
123 video lottery game retailer establishment; except that, an establishment
124 primarily catering to patrons of a fraternal or veterans organization
125 that sells liquor, wine, or beer by the drink at retail may operate up to
126 ten video lottery game terminals as approved by the commission; or

127 (4) Advertise video lottery games outside of a licensed video
128 lottery game retailer's establishment through any media outlets or
129 direct mail or telephone solicitations. The advertising prohibition
130 contained in this subdivision shall apply to all licensees including, but
131 not limited to, video lottery game manufacturers, video lottery game
132 operators, video lottery game retailers, and video lottery game
133 handlers.

134 8. (1) A person under twenty-one years of age shall not play
135 video lottery games, and such video lottery game terminals shall be
136 located within the unobstructed line of sight of the bar or sales counter
137 and under the supervision of an adult to prevent persons under
138 twenty-one years of age from playing video lottery games. A warning
139 sign shall be posted in a conspicuous location where such video lottery
140 game terminals are located, containing in red lettering at least one-half
141 inch high on a white background the following:

142 "YOU MUST BE AT LEAST 21 YEARS OF AGE TO PLAY VIDEO
143 LOTTERY GAMES"

144 (2) A video lottery game operator shall also post a sign in a
145 conspicuous location where such video lottery game terminals are
146 located, containing in red lettering at least one-half inch high on a
147 white background a telephone contact number (1-800-BETSOFF) for the
148 problem gambling helpline.

149 9. (1) Video lottery game operators shall pay the commission
150 thirty-five percent of the video lottery game adjusted gross receipts,
151 which shall, except for administrative expenses, be transferred to the
152 lottery proceeds fund to be appropriated solely for the public
153 institutions of higher education. The commission shall, to cover
154 administrative costs, compensate the municipality where a licensed
155 video lottery game retailer maintains an establishment licensed for the
156 operation of video lottery game terminals or if such licensed

157 establishment is not located within the corporate boundaries of a
158 municipality, then the county where such licensed establishment is
159 located. Such compensation shall be equal to five percent of the video
160 lottery game adjusted gross receipts.

161 (2) Video lottery game operators shall retain sixty-five percent
162 of the video lottery game adjusted gross receipts for administrative
163 expenses which shall be divided between the video lottery game
164 operator and video lottery game retailer as agreed under subdivision
165 (2) of subsection 6 of this section.

166 10. All fees collected by the commission for license renewals
167 shall be distributed to the veterans commission capital improvement
168 trust fund created in section 42.300. The commission shall establish a
169 procedure to distribute such renewal fees at least annually.

313.431. 1. In order to expedite the orderly implementation of
2 the video lottery game system authorized under sections 313.425 to
3 313.431, the commission shall:

4 (1) Issue a request for proposal for the supply and operation of
5 a centralized communication system for video lottery games by
6 September 1, 2017;

7 (2) Make license applications for video lottery game
8 manufacturers, video lottery game operators, video lottery game
9 retailers, and video lottery game handlers available to applicants by
10 September 1, 2017;

11 (3) Issue a provisional license to an applicant for a video lottery
12 game manufacturer's, video lottery game operator's, video lottery game
13 retailer's, or video lottery game handler's license if such applicant
14 satisfies all of the following criteria to the satisfaction of the
15 commission:

16 (a) The applicant has never been convicted of a felony;

17 (b) The applicant is current on all state taxes;

18 (c) The applicant has submitted a complete application for
19 licensure as a licensed video lottery game manufacturer, video lottery
20 game operator, video lottery game retailer, or video lottery game
21 handler, which shall be submitted concurrently with the applicant's
22 request for a provisional license;

23 (d) The applicant has never been convicted of any gambling law
24 violation in any jurisdiction; and

25 (e) The applicant for a video lottery game retailer's license has
26 been issued and holds a valid license to sell liquor by the drink under
27 chapter 311.

28 A provisional license shall be issued by the commission within ninety
29 days from the date on which the application was first received unless
30 the commission shows cause that the license application is deficient or
31 such applicant does not meet the criteria for licensure.

32 2. The commission may establish priority for issuing provisional
33 licenses if such applicant is currently licensed under sections 313.200
34 to 313.353 or sections 313.800 to 313.850; holds a license in good
35 standing from a regulatory body of another state to operate, handle, or
36 maintain video gaming terminals or video lottery game terminals that
37 are substantially similar to video lottery game terminals authorized
38 under sections 313.425 to 313.431; or if such person has been in the
39 business of locating and operating amusement games within this state
40 continuously for a period of five years.

41 3. A provisional license shall be valid until:

42 (1) The commission either approves or denies the applicant's
43 application for licensure;

44 (2) The provisional license is terminated for a violation of this
45 section; or

46 (3) One calendar year has passed since the provisional license
47 was issued.

48 Nothing in this section shall prohibit an applicant for a video lottery
49 game manufacturer's, video lottery game operator's, video lottery game
50 retailer's, or video lottery game handler's license from applying for a
51 renewal of the provisional license issued under this section so long as
52 the commission has not made a final determination to award or deny
53 the applicant a license.

54 4. Each applicant shall attest by way of affidavit under penalty
55 of perjury that the applicant is not otherwise prohibited from licensure
56 according to the requirements of this section.

57 5. All requests for provisional licensure under this section shall
58 include the following fee, which is in addition to the applicable fee
59 required for an application for licensure and shall be retained by the
60 commission:

61 (1) Five thousand dollars for a video lottery game manufacturer;

- 62 **(2) Five thousand dollars for a video lottery game operator;**
63 **(3) Five hundred dollars for a video lottery game retailer's**
64 **establishment; or**
65 **(4) One hundred dollars for a video lottery game handler.**

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