

1 H.258

2 Introduced by Representative Tate of Mendon

3 Referred to Committee on

4 Date:

5 Subject: Recreation and sports; State lottery; excursion gaming boats

6 Statement of purpose of bill as introduced: This bill proposes to permit the
7 Lottery Commission to issue licenses for up to three casinos operated on boats
8 on Lake Champlain.

9 An act relating to licensing casinos

10 It is hereby enacted by the General Assembly of the State of Vermont:

11 Sec. 1. 31 V.S.A. chapter 14, subchapter 3 is added to read:

12 Subchapter 3. Excursion Boat Casino Gaming

13 § 681. EXCURSION GAMING BOATS AUTHORIZED

14 (a) Gambling games are authorized to the extent that they are conducted as
15 part of a gambling operation on a licensed excursion gaming boat in
16 accordance with this subchapter.

17 (b)(1) The Vermont Lottery Commission may issue not more than six
18 Excursion Gaming Boat licenses at any one time.

19 (2) The licenses may be issued for gambling operations on excursion
20 gaming boats operated on Lake Champlain as follows:

1 (A) one license may be issued for an excursion gaming boat docked
2 in Grand Isle County;

3 (B) one license may be issued for an excursion gaming boat docked
4 in Franklin County;

5 (C) two licenses may be issued for excursion gaming boats docked in
6 Chittenden County;

7 (D) one license may be issued for an excursion gaming boat docked
8 in Addison County; and

9 (E) one license may be issued for an excursion gaming boat docked
10 in Rutland County.

11 (c) The Vermont Lottery Commission shall adopt rules as necessary to
12 implement this subchapter.

13 § 682. DEFINITIONS

14 As used in this subchapter:

15 (1) “Adjusted gross receipts” means the gross receipts less winnings
16 paid to wagerers.

17 (2) “Applicant” means any person who applies for a license under
18 this subchapter.

19 (3) “Commission” means the Vermont Lottery Commission.

1 (4) “Distributor” means a person who sells, markets, or distributes
2 gambling games or related items that are used for playing a gambling game
3 pursuant to this subchapter.

4 (5) “Dock” means the location where an excursion gaming boat moors
5 for the purpose of permitting passengers to embark for and disembark from a
6 gambling excursion.

7 (6) “Excursion gaming boat” means a self-propelled floating vessel that
8 is certified for operation as a vessel and is licensed to conduct a gambling
9 operation pursuant to this subchapter.

10 (7) “Gambling excursion” means the time when an excursion gaming
11 boat is not tied up at a dock and gambling games may be played.

12 (8) “Gambling game” means any game of chance played with cards,
13 dice, equipment, or a machine or video slot machine approved by the
14 Commission. The term “gambling game” does not include games played with
15 cards in private homes or residences in which no person makes money for
16 operating the game except as a player.

17 (9) “Gambling operation” means the conduct of authorized gambling
18 games on an excursion gaming boat.

19 (10) “Gross receipts” means the total of all sums received by a licensed
20 excursion gaming boat from the onboard gambling operation, including the

1 purchase of chips, tokens, electronic cards, or vouchers for playing gambling
2 games and any entry fees assessed for tournaments or other contests.

3 (11) "Video slot machine" means any electronic video game that, upon
4 insertion of tokens, electronic cards, or vouchers, is available to play an
5 authorized video game in which, by chance, the player may receive cash,
6 tokens, free games, electronic vouchers, or credits that may be redeemed
7 for cash.

8 (12) "Wagerer" means a person who plays a gambling game authorized
9 under this subchapter.

10 (13) "Winnings" means the total cash value of all property or sums,
11 including currency, tokens, vouchers, and other instruments of monetary value
12 paid to wagerers as a direct result of wagers placed at or through a gambling
13 game.

14 § 683. VERMONT LOTTERY COMMISSION; JURISDICTION; POWERS

15 The Commission shall have jurisdiction over and shall supervise all
16 gambling operations governed by this subchapter. The Commission shall have
17 all powers necessary and proper to carry out the provisions of this subchapter,
18 including the power:

19 (1) to investigate and determine the eligibility of applicants for licenses;

20 (2) to supervise gambling operations and all persons on excursion
21 gaming boats;

1 (3) to inspect and examine all excursion gaming boats;

2 (4) to inspect, examine, audit, impound, seize, or assume physical
3 control of all books, ledgers, documents, writings, photocopies, videotapes, or
4 other records related to gambling operations;

5 (5) to investigate and deter violations of this subchapter or rules adopted
6 by the Commission;

7 (6) to suspend, revoke, or restrict licenses for violations of this
8 subchapter or rules adopted by the Commission;

9 (7) to establish standards for the operation of excursion gaming boats;

10 (8) to review and approve the gambling games that may be offered or
11 played on licensed excursion gaming boats pursuant to this subchapter; and

12 (9) to adopt rules as necessary to implement the provisions of this
13 subchapter.

14 § 684. EXCURSION GAMING BOAT LICENSE APPLICATION

15 (a) A person may apply to the Commission for an excursion gaming boat
16 license by submitting an application under oath on forms provided by the
17 Commission. The application shall contain all information required by the
18 Commission, including:

19 (1) detailed information regarding the excursion gaming boat to be used
20 for the gambling operation;

1 (2) the location where the excursion gaming boat will be docked and
2 any stops that it will make during a gambling excursion;

3 (3) the proposed sailing schedule of the excursion gaming boat,
4 including any dates when it is proposed not to operate; and

5 (4) the passenger capacity of the excursion gaming boat.

6 (b)(1) A nonrefundable application fee established by the Commission
7 shall be paid at the time of filing.

8 (2) The amount of the application fee shall be established in rules
9 adopted by the Commission based on the direct and indirect costs of reviewing
10 applications for excursion gaming boat licenses, including the wages of Lottery
11 Commission staff necessary to review and process the applications and the cost
12 of any necessary background or criminal history record checks.

13 (c) The Commission may grant a license to an applicant that:

14 (1) has obtained approval from the municipality in which the excursion
15 gaming boat will be docked;

16 (2) has identified the number and types of gambling games that will be
17 offered for play on the excursion gaming boat;

18 (3) has demonstrated the ability to satisfy the financial requirements of
19 this chapter and the proposed gambling operation; and

20 (4) is in compliance with all applicable provisions of this subchapter and
21 any rules adopted by the Lottery Commission.

1 § 685. EXCURSION GAMING BOAT LICENSE

2 (a) An excursion gaming boat license shall permit the holder to operate an
3 excursion gaming boat with an onboard gambling operation from a dock or
4 docks approved by the Commission.

5 (b)(1) Each licensee shall pay an annual license fee, based on the excursion
6 gaming boat's passenger capacity, that is equal to \$5.00 per passenger.

7 (2) An excursion gaming boat shall have a minimum capacity of
8 250 passengers.

9 (c)(1) Gambling operations shall only occur on an excursion gaming boat
10 during a gambling excursion and shall not be permitted while the excursion
11 gaming boat is docked or while passengers are embarking or disembarking.

12 (2) Gambling excursions shall only be permitted between the hours of
13 12:00 noon and 12:00 midnight.

14 (3) A gambling excursion shall not be longer than four hours in
15 duration.

16 (4) A licensee shall conduct no more than three gambling excursions in
17 a single day.

18 (5) Each licensed excursion gaming boat shall use a cashless wagering
19 system under which each player's money is converted into tokens, electronic
20 cards, vouchers, or chips that can be used only for wagering on the excursion
21 gaming boat.

1 (d)(1) Each licensee shall file an annual report with the Commission that
2 includes an annual balance sheet and an annual profit and loss statement
3 related to the licensee's excursion gaming boat activities in Vermont, as well
4 as a list of all stockholders or other persons having an interest in the licensee's
5 gambling operation. All receipts and adjusted gross receipts from the
6 gambling operation shall be accounted for separately from all other amounts
7 received by the licensee.

8 (2) A licensee shall furnish to the Commission any reports or
9 information that the Commission requires in relation to the licensee's
10 activities.

11 (3) For each day that an excursion gaming boat operates, the licensee's
12 records shall show the total number of passengers that embarked on the
13 excursion gaming boat, the total amount of money wagered, and the adjusted
14 gross receipts.

15 (4) All reports and information submitted by a licensee pursuant to this
16 section shall be public records.

17 (e) A licensee shall hire a certified public accountant to perform on or
18 before March 31 of each year an audit of the licensee's accounts for the
19 previous year. The licensee shall provide a report of the audit to the
20 Commission within 14 days after it is completed. The report shall include a

1 detailed accounting of all income and expenses associated with the gambling
2 operation on the excursion gaming boat.

3 (f)(1) A licensee shall not lease, grant, assign, or turn over the operation of
4 the excursion gaming boat to any other person without the approval of the
5 Commission.

6 (2) A licensee may enter into a management contract for the operation
7 of the excursion gaming boat with the approval of the Commission.

8 § 686. OCCUPATIONAL LICENSES

9 (a) The Commission shall identify occupations related to excursion gaming
10 boat operations that require licensing and shall adopt rules establishing
11 standards and fees for those occupational licenses.

12 (b) The fees for the licenses shall be based on the direct and indirect costs
13 to enforce the provisions of this subchapter in relation to the licensees and to
14 review and process license applications, including the wages of Lottery
15 Commission staff and the cost of any necessary background and criminal
16 history record checks.

17 § 687. DISTRIBUTOR'S AND MANUFACTURER'S LICENSES

18 (a) A manufacturer or distributor of gambling games or implements of
19 gambling shall annually apply for a license upon a form provided by the
20 Commission.

1 (b) The Commission may approve a distributor's or manufacturer's license
2 if the applicant:

3 (1) submits the license fee;

4 (2) provides all information required by the Commission; and

5 (3) is in compliance with all applicable provisions of this subchapter and
6 any rules adopted by the Lottery Commission.

7 (c)(1) The fee for a distributor's license is \$1,000.00 per year; and

8 (2) the fee for a manufacturer's license is \$250.00 per year.

9 (d) A licensed excursion gaming boat shall acquire all gambling games or
10 implements of gambling from a distributor licensed pursuant to this section. A
11 licensed excursion gaming boat shall not sell or give any gambling games or
12 implements of gambling to another licensed excursion gaming boat.

13 (e) A licensed distributor shall acquire gambling games or implements of
14 gambling for distribution pursuant to this subchapter only from a manufacturer
15 licensed in this State or another state.

16 (f) A licensed excursion gaming boat shall not be permitted to acquire a
17 manufacturer's or distributor's license.

18 (g) The Commission may suspend or revoke a distributor's or
19 manufacturer's license for a violation of this chapter or a rule adopted by the
20 Commission.

21 (h) In addition to any other information required by the Commission:

1 (1) a licensed manufacturer or distributor shall provide the Commission
2 with written notice, including a copy of each invoice, showing the gambling
3 games or implements of gambling sold to each licensed excursion gaming
4 boat; and

5 (2) a licensed manufacturer shall annually report to the Commission all
6 gambling games or implements of gambling sold to distributors licensed
7 pursuant to this section.

8 § 688. TERM OF LICENSES

9 All licenses issued under this subchapter shall expire one year after the date
10 of issuance.

11 § 689. GENERAL REQUIREMENTS FOR LICENSEES

12 (a) A license under this chapter shall not be granted to any person that:

13 (1) has been suspended from operating a game of chance or gambling
14 operation in another jurisdiction by a board or commission of that jurisdiction;

15 (2) has knowingly made a false statement of a material fact to the
16 commission; or

17 (3) has pled guilty to, or has been convicted of, a felony.

18 (b) A license granted under this chapter shall be revoked following notice
19 and a hearing before the Commission if the licensee:

20 (1) knowingly makes a false statement of material fact to the
21 Commission;

1 (2) pleads guilty to or is convicted of a felony; or

2 (3) violates any condition of the license.

3 (c) Each licensee shall consent to the search by law enforcement officers or
4 designated employees of the Lottery Commission that are conducting
5 inspections or investigations for violations of this subchapter or the rules
6 adopted by the Commission, without a warrant, of the licensee's person and
7 personal property when on the excursion gaming boat or of the premises and
8 docking facilities of the excursion gaming boat.

9 § 690. GAMING AND WAGERING RESTRICTIONS

10 (a) No individual under 18 years of age shall be permitted to play any
11 gambling games authorized pursuant to this subchapter.

12 (b) No individual under 18 years of age shall be permitted onboard an
13 excursion gaming boat licensed under this subchapter.

14 (c) Only individuals physically present on an excursion gaming boat that is
15 under way may wager on or play a gambling game authorized pursuant to this
16 chapter.

17 § 691. WAGERING TAX

18 (a) A wagering tax is imposed on the annual adjusted gross receipts from
19 gambling operations authorized under this subchapter, of each licensed
20 excursion gaming boat, at the following rate, based on the adjusted gross
21 receipts of the license holder in the current year:

1 (1) if the adjusted gross receipts are \$1,000,000.00 or less, the rate of the
2 tax is five percent;

3 (2) if the adjusted gross receipts are greater \$1,000,000.00 but not more
4 than \$3,000,000.00, the rate of tax is \$50,000.00 plus 10 percent of the
5 adjusted gross receipts in excess of \$1,000,000.00; and

6 (3) if the adjusted gross receipts are greater than \$3,000,000.00, the rate
7 of tax is \$250,000.00 plus 22 percent of the adjusted gross receipts in excess of
8 \$3,000,000.00.

9 (b)(1) The Commissioner of Taxes is authorized to collect and administer
10 the wagering tax under 32 V.S.A. chapter 103, and the tax shall be paid and
11 collected in the same manner as an income tax under 32 V.S.A. chapter 151.

12 (2) A licensee liable for the tax imposed by this section shall remit to the
13 Commissioner of Taxes on or before January 15 of each year a return and any
14 other information required by the Commissioner along with the tax due.

15 (c) Not more than five percent of the proceeds of the tax shall be used by
16 the Lottery Commission to pay any costs of administering this subchapter that
17 are in excess of the amount of any license and application fees collected by the
18 Commission. The remainder of the tax shall be deposited in the Clean Water
19 Fund pursuant to 10 V.S.A. § 1388.

1 § 692. EXTENSION OF CREDIT PROHIBITED

2 (a) A licensee shall not loan to any person money or any other thing of
3 value for the purpose of permitting that person to wager on any gambling game
4 or game of chance.

5 (b) A licensee shall not permit a financial institution, vendor, or other
6 person to dispense cash or credit through an electronic or mechanical device
7 that is located on the gambling floor of the excursion gaming boat.

8 § 693. VOLUNTARY RESTRICTIONS ON GAMING ACTIVITY

9 (a)(1) A licensed excursion gaming boat shall establish a process to allow
10 an individual to voluntarily exclude himself or herself for life from the
11 excursion gaming boat and all excursion gaming boats licensed under this
12 chapter.

13 (2) An excursion gaming boat shall provide the identity of an individual
14 who has elected to exclude himself or herself from all excursion gaming boats
15 licensed under this chapter to the Commission, which shall furnish that
16 information to all other licensed excursion gaming boats.

17 (3) The State, the Lottery Commission, and any licensee under this
18 chapter shall not be liable for any claim that may arise from the process of an
19 individual electing to exclude himself or herself pursuant to this subsection.

20 (b) To the extent possible, a licensed excursion gaming boat shall permit an
21 individual to voluntarily bar himself or herself from accessing or using any

1 electronic or mechanical device to receive cash or credit from a financial
2 institution, a vendor, or another person that is located on the excursion gaming
3 boat.

4 § 694. LOCAL APPROVAL; LOCAL OPTION TAX

5 (a)(1) Upon receiving the proposal of a prospective licensee to operate an
6 excursion gaming boat from a docking facility located in a municipality, the
7 municipality shall hold a vote at an annual or special meeting warned for that
8 purpose on the question of whether to permit the operation of the excursion
9 gaming boat from the docking facility. The meeting shall be held within
10 90 days of receiving the proposal.

11 (2) A proposed excursion gaming boat shall only be permitted to operate
12 from a docking facility in a municipality if a majority of the voters at a meeting
13 held pursuant to subdivision (1) of this subsection vote in favor of permitting
14 the boat to operate.

15 (b) Following a vote pursuant to subsection (a) of this section to permit the
16 excursion gaming boat to operate, the municipality may impose by ordinance a
17 tax of not more than \$2.00 for each passenger that embarks on the excursion
18 gaming boat from the docking facility located in the municipality. The tax
19 shall be remitted to the municipality on a monthly or quarterly basis, as set
20 forth in the ordinance.

1 § 695. ANNUAL REPORT

2 On or before February 15 of each year, the Lottery Commission shall
3 submit to the Governor and the General Assembly an annual report on the
4 licenses and activities authorized pursuant to this subchapter.

5 § 696. PROHIBITED ACTIVITIES

6 (a) No person shall operate an excursion gaming boat without a license. A
7 person that violates this subsection shall be subject to a fine of not more than
8 \$25,000.00 or imprisonment for not more than five years, or both.

9 (b)(1) A licensee shall not:

10 (A) employ any person to act as a decoy in order to encourage
11 participation in a gambling game;

12 (B) knowingly permit a person under 18 years of age to participate in
13 or play a gambling game;

14 (C) accept a wager from any location that is not onboard the
15 excursion gaming boat or at a time when the excursion gaming boat is not
16 under way.

17 (2) A licensee that violates this subsection shall be subject to an
18 administrative penalty of not more than \$25,000.00, and the Commission may
19 suspend or revoke its license following notice and a hearing.

20 (c)(1) No person shall:

1 (A) offer, promise, or give anything of value or benefit to any
2 licensee or to any officer or employee of an excursion gaming boat pursuant to
3 an agreement or with the intent that the offer, promise, or gift will influence
4 the actions of the recipient in order to affect or attempt to affect the outcome of
5 a gambling game or to influence an official action of a member of the
6 Commission;

7 (B) while an officer or employee of an excursion gaming boat or a
8 licensee under this subchapter, solicit or knowingly accept or receive a promise
9 of anything of value or benefit pursuant to an understanding or with the intent
10 that the promise or gift will influence the person to affect or attempt to affect
11 the outcome of a gambling game or to influence an official action of a member
12 of the Commission;

13 (C) use a device to assist in any of the following:

14 (i) projecting the outcome of a gambling game;

15 (ii) keeping track of the cards played;

16 (iii) analyzing the probability of the occurrence of an event
17 relating to a gambling game; or

18 (iv) analyzing the strategy for playing or betting to be used in a
19 gambling game, except as permitted by the Commission;

20 (D) cheat at a gambling game, including by committing any act that
21 alters the outcome of the game;

1 (E) manufacture, sell, or distribute any cards, chips, dice, game, or
2 device that is intended to be used to violate a provision of this subchapter;

3 (F) instruct a person in how to cheat or use a device with the
4 knowledge or intent that the information may be employed to violate a
5 provision of this subchapter;

6 (G) alter or misrepresent the outcome of a gambling game on which
7 wagers have been made after the outcome is certain but before it is revealed to
8 the players;

9 (H)(i) claim, collect, or take or attempt to claim, collect, or take
10 money or anything of value from a gambling game with the intent to defraud
11 or without having made a wager contingent on winning the gambling game; or

12 (ii) claim, collect, or take money or a thing of greater value than
13 the amount won;

14 (I) knowingly entice or induce a person to go to a place where a
15 gambling game is conducted in violation of this subchapter with the intent that
16 the person plays or participates in that gambling game;

17 (J) use counterfeit chips or tokens in a gambling game;

18 (K) possess any device intended to be used to violate a provision of
19 this subchapter; or

20 (L) if the person is not a licensee or an employee of a licensee,
21 possess any key or device designed to open, enter, or affect the operation of a

1 gambling game, drop box, or electronic or mechanical device connected with a
2 gambling game, or to remove coins, tokens, chips, or other contents from a
3 gambling game.

4 (2) A person that violates this subsection shall be subject to a fine of not
5 more than \$25,000.00 or imprisonment for five years, or both, and shall be
6 barred for life from any excursion gaming boat operated pursuant to this
7 subchapter.

8 Sec. 2. EFFECTIVE DATE

9 This act shall take effect on July 1, 2017.