

HB 682 -- VIDEO LOTTERY

SPONSOR: Miller

This bill allows for and establishes a regulatory framework for regulating video lottery games.

The bill defines the "commission" or "lottery commission" as a five-member body appointed by the Governor to manage and oversee the lottery under Section 313.215, RSMo. This bill also defines terms and concepts for these provisions.

The bill requires the commission to implement a system of video lottery game terminals utilizing a licensing structure for processing license applications and issuing licenses to video lottery game manufacturers, distributors, operators, handlers, and retailers for the conduct of lottery games utilizing video lottery game terminals within the state and specifies who qualifies for such licenses.

This bill prohibits the commission from allowing a single vendor or licensee to implement the system of video lottery game terminals, or control or operate more than 20% of video lottery game terminals in the state after 2022. The video lottery game system allows for multiple video lottery game manufacturers, distributors, and operators to encourage private sector investment and job opportunities for Missouri citizens. The bill requires that the video lottery game terminals must be connected to a centralized computer system developed or procured by the commission prior to being placed into operation.

The bill authorizes the commission to impose an initial nonrefundable license application fee. The fee for video lottery game manufacturers, distributors, and operators, shall be no more than \$100,000, video lottery game retailer establishments shall be no more than \$1000, and video lottery game handlers shall be not more than \$1000. The initial license and first license renewal shall be for a period of one year. Thereafter, license renewal periods shall be four years with the applicable renewal fee paid when the license is renewed. The renewal fee for video lottery game manufacturers and distributors is \$10,000, video lottery game operators is \$10,000, video lottery game handlers is \$100 and video lottery game retailer's establishment is \$100.

This bill requires video lottery game operators to pay the commission an annual license fee of \$500 for each video lottery game terminal placed into service.

The bill prohibits any person who has been convicted of a felony or

an offense involving illegal gambling from receiving a license or acting as a sales agent;

This bill prohibits any local jurisdiction from imposing a license requirement, sticker fee, or tax upon a video lottery game manufacturer, distributor, operator, retailer, handler, or terminal; or an establishment relating to the operation of video lottery games, terminals, or associated equipment;

The bill Requires video lottery game terminals to meet independent testing standards approved by the commission and specifies other requirements. Licensed video lottery game manufacturers may buy, sell, or lease new or refurbished video lottery game terminals to and from licensed video lottery game distributors, and licensed video lottery game distributors may buy, sell, or lease new or refurbished video lottery game terminals to or from licensed video lottery game manufacturers or licensed video lottery game operators.

This bill allows licensed video lottery game operators to buy, lease, or rent video lottery game terminals from licensed video lottery game manufacturers, operators, or distributors, and to handle, place, and service video lottery game terminals. Winning tickets will be paid using a video lottery game ticket redemption terminal which is located within the video lottery game retailer's establishment in direct proximity of where such video lottery games are offered. Video lottery game operators shall pay the commission 32% of any unclaimed cash prize associated with a winning ticket that has not been redeemed within one year of issue. Rented or leased video lottery game terminals shall be written at a flat rate and not include revenue splitting as a method used in the calculation of the lease or rent.

The regulations for a licensed video lottery game operator are specified in the bill and include that a operator shall not: have a terminal that dispenses anything except tickets for winning plays, allow anyone under 21 to play a video lottery game, and be licensed to sell liquor, except as specified in the bill. A sign must be posted in a visible location with the contact number for the problem gambling helpline, as specified in the bill.

The bill requires all revenues received by the commission from license fees and any reimbursements associated with the administration of the bill and all interest to be considered administrative expenses that will be deposited in the state lottery fund. Subject to appropriation, up to 1% of such license fees and reimbursements deposited to the credit of the state lottery fund may be deposited to the credit of the compulsive gamblers fund created under Section 313.842. The remainder of the moneys

deposited in the state lottery fund may be used for administrative expenses.

Allows the commission to contract with a state law enforcement entity to assist in conducting investigations into applicants for any video lottery game license and to investigate violations by any video lottery game licensee of any of the provisions of the bill or state law regulating illegal gambling activities. A video lottery game licensee suspected of a violation shall be afforded an administrative hearing on the record and any action taken to impose a fine on such licensee, or to suspend or revoke the ability of a licensee to offer lottery game products for sale, shall be appealed to the commission. Any such administrative suspension or revocation upheld by the commission may be appealed by the video lottery game licensee in a state court of competent jurisdiction.

Prohibits the possession or use of any video lottery game terminal not authorized by the commission and allows the commission to investigate suspected violations by any video lottery license holder and to refer any violations or suspected violations to the appropriate law enforcement authority; and allows the commission to create rules and specifies the process for provisional licensure and fees.

A municipality may adopt an ordinance prohibiting video lottery game terminals within the corporate limits of the municipality within 120 days of the effective date of this provision.

This bill is similar to HB 2176 (2018) and HB 990 (2017).