

## HB 699 -- VIDEO LOTTERY GAMING TERMINALS

SPONSOR: Hardwick

This bill establishes the "Honoring Missouri Veterans and Supporting Missouri Education Act".

This bill provides that the State Lottery Commission shall implement a system of video lottery game terminals and issue licenses to video lottery game manufacturers, distributors, operators, handlers, and retailers. The Commission shall not allow a single vendor or licensee to be responsible for implementing the program, 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, 2027. Video lottery game terminals may be placed in fraternal organizations, veterans' organizations, and truck stops, as such terms are defined in the act, and in business entities licensed to sell liquor by the drink.

The Commission may impose a non-refundable application fee, as described in the bill. The initial license shall be for a period of one year. Thereafter, the license renewal period shall be four years with the applicable license renewal fee paid for each year the license is renewed, as specified in the bill. In addition to license fees, video lottery game operators shall pay the Commission an annual administrative fee of \$300 for each video lottery game terminal placed into service. No license shall be issued to any person who has been convicted of a felony or crime involving illegal gambling. Sales agents shall be registered with the Commission by a video lottery game operator and may not solicit or enter into any contract with a retailer prior to the retailer being licensed to conduct video lottery games.

Video lottery game operators must pay winning tickets using a video lottery game ticket redemption terminal, which shall 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 shall pay to the Commission 32% of any unclaimed cash prizes associated with winning tickets that have not been redeemed within 180 days of issuance.

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 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, except that video lottery

game operators may pay for construction of a video lottery terminal area inside the premises of a video lottery game retailer.

The price of video lottery game terminal credits shall be determined by the Commission, and the maximum wager played per video lottery game shall not exceed \$5.00. No cash award for the maximum wager played on any individual lottery game shall exceed \$1,100 or the maximum amount allowable by federal law before tax withholding is required.

Operators shall not operate more than eight terminals at any one fraternal organization, veterans organization, or truck-stop, and not more than five video lottery game terminals at any one lottery game retailer that is not a fraternal organization, veterans organization, or truck-stop.

A person under the age of 21 shall not play video lottery games, and such video lottery game terminals shall be under the supervision of a person that is at least 21 years of age. Video lottery game terminals shall 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 footage shall be reviewed by video lottery game operators as required by the Commission and shall be made available to the Commission upon request. An operator or retailer that fails to 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. The 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 higher education workforce development programs. The Commission shall compensate the administrative costs of the city or county in which a video lottery retailer maintains an establishment in an amount equal to 4% of the video lottery game adjusted gross receipts.

The remainder of video lottery game adjusted gross receipts, after the cost of the centralized computer system and administrative costs are paid and apportioned, shall be retained by video lottery

game operators and shall be split evenly between video lottery game operators and video lottery game retailers as provided under an agreement.

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 background investigations of applicants for licenses and for the enforcement of the provisions of this bill.

A video lottery game licensee suspected of a violation of the act shall be afforded an administrative hearing by the Director of the State Lottery on the record, and an appeal of any action taken to impose a fine on such licensee shall be 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.

Participation in the state lottery under this act 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 a county to adopt an ordinance within 180 days of the effective date of the bill prohibiting video lottery game terminals within the municipality or the unincorporated area of the county.

This bill mandates the establishment of programs that provide for the treatment, prevention, recovery, and education services for compulsive gambling. The Commission, in cooperation with the Department of Mental Health, shall develop an annual research report assessing the social and economic effects of gaming in the state. The report and associated studies shall be submitted to the Governor, the President Pro Tem of the Senate, and the Speaker of the House by January 31 of each year.

This bill is similar to SB 1 (2023).