

By Senator Altman

24-00339A-12

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1                   A bill to be entitled  
2           An act relating to slot machines and slot machine  
3           components; amending s. 551.103, F.S.; requiring the  
4           Division of Pari-mutuel Wagering within the Department  
5           of Business and Professional Regulation to adopt rules  
6           regulating slot machines and providing specifications  
7           for the internal components of slot machines;  
8           requiring that the division adopt specifications and  
9           procedures to ensure random probabilities of winning  
10          plays and provide for the operation of random-number  
11          generators; amending s. 551.104, F.S.; deleting  
12          obsolete provisions; clarifying duties of a slot  
13          machine licensee to conform to changes made by the  
14          act; amending s. 551.121, F.S.; prohibiting a slot  
15          machine's random-number generator from serving more  
16          than one station or terminal where an individual  
17          player places his or her wagers; providing for  
18          progressive jackpot payouts except in conjunction with  
19          slot machines between other licensed facilities;  
20          providing an effective date.

21  
22   Be It Enacted by the Legislature of the State of Florida:

23  
24           Section 1. Subsection (1) of section 551.103, Florida  
25   Statutes, is amended to read:

26           551.103 Powers and duties of the division and law  
27   enforcement.—

28           (1) The division shall adopt, pursuant to ~~the provisions of~~  
29   ss. 120.536(1) and 120.54, all rules necessary to ~~implement,~~

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30 administer, and regulate slot machines and slot machine gaming  
31 as authorized in this chapter. The ~~Such~~ rules must include:

32 (a) Procedures for applying for a slot machine license and  
33 renewal of a slot machine license.

34 (b) Technical requirements and the qualifications contained  
35 in this chapter that are necessary to receive a slot machine  
36 license or slot machine occupational license.

37 (c) Procedures to scientifically test and technically  
38 evaluate slot machines, including all components, hardware, and  
39 software for slot machines, for compliance with this chapter.  
40 The division may contract with an independent testing laboratory  
41 to conduct any necessary testing under this section. The  
42 independent testing laboratory must have a national reputation  
43 and be ~~which is~~ demonstrably competent and qualified to  
44 scientifically test and evaluate slot machines for compliance  
45 with this chapter and to otherwise perform the functions  
46 assigned to it in this chapter. An independent testing  
47 laboratory may ~~shall~~ not be owned or controlled by a licensee.  
48 The use of an independent testing laboratory for any purpose  
49 related to the conduct of slot machine gaming by a licensee  
50 under this chapter shall be made from a list of one or more  
51 laboratories approved by the division.

52 (d) Procedures relating to slot machine revenues, including  
53 verifying and accounting for such revenues, auditing, and  
54 collecting taxes and fees consistent with this chapter.

55 (e) Procedures for regulating, managing, and auditing the  
56 operation, financial data, and program information relating to  
57 slot machine gaming which ~~that~~ allow the division and the  
58 Department of Law Enforcement to audit the operation, financial

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59 data, and program information of a slot machine licensee, as  
60 required by the division or the Department of Law Enforcement,  
61 and provide the division and the Department of Law Enforcement  
62 with the ability to monitor, at any time on a real-time basis,  
63 wagering patterns, payouts, tax collection, and compliance with  
64 any rules adopted by the division for the regulation ~~and control~~  
65 of slot machines operated under this chapter. The ~~Such~~  
66 continuous and complete access, at any time on a real-time  
67 basis, shall include the ability of either the division or the  
68 Department of Law Enforcement to suspend play immediately on  
69 particular slot machines if monitoring of the facilities-based  
70 computer system indicates possible tampering or manipulation of  
71 those slot machines or the ability to suspend play immediately  
72 of the entire operation if the tampering or manipulation is of  
73 the computer system itself. The division shall notify the  
74 Department of Law Enforcement or the Department of Law  
75 Enforcement shall notify the division, as appropriate, whenever  
76 there is a suspension of play under this paragraph. The division  
77 and the Department of Law Enforcement shall exchange the ~~such~~  
78 information necessary for and cooperate in the investigation of  
79 the circumstances requiring suspension of play under this  
80 paragraph.

81 (f) Procedures for requiring each licensee at his or her  
82 own cost and expense to supply the division with a bond having  
83 the penal sum of \$2 million payable to the Governor and his or  
84 her successors in office for each year of the licensee's slot  
85 machine operations. The ~~Any~~ bond shall be issued by a surety or  
86 sureties approved by the division and the Chief Financial  
87 Officer, conditioned to faithfully make the payments to the

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88 Chief Financial Officer in his or her capacity as treasurer of  
89 the division. The licensee shall ~~be required to~~ keep its books  
90 and records and make reports as provided in this chapter and ~~to~~  
91 conduct its slot machine operations in conformity with this  
92 chapter and all other provisions of law. The ~~Such~~ bond shall be  
93 separate and distinct from the bond required in s. 550.125.

94 (g) Procedures for requiring licensees to maintain  
95 specified records and submit any data, information, record, or  
96 report, including financial and income records, required by this  
97 chapter or determined by the division to be necessary to the  
98 proper implementation and enforcement of this chapter.

99 (h) A requirement that the payout percentage of a slot  
100 machine be no less than 85 percent.

101 (i) Minimum standards for security of the facilities,  
102 including floor plans, security cameras, and other security  
103 equipment.

104 (j) Procedures for requiring slot machine licensees to  
105 implement and establish drug-testing programs for all slot  
106 machine occupational licensees.

107 (k) Specifications of the required internal components for  
108 a slot machine, including the location, configuration, and  
109 function of the components, and the operating requirements for  
110 all hardware and software.

111 (l) Procedures and specifications for slot machines to  
112 ensure the random probabilities of winning plays and the  
113 specifications for the operation of the random-number generator  
114 of each slot machine.

115 Section 2. Subsection (4) of section 551.104, Florida  
116 Statutes, is amended to read:

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117 551.104 License to conduct slot machine gaming.-

118 (4) As a condition of licensure and to maintain continued  
119 authority for the conduct of slot machine gaming, the slot  
120 machine licensee shall:

121 (a) Continue to be in compliance with this chapter.

122 (b) Continue to be in compliance with chapter 550, where  
123 applicable, and maintain the pari-mutuel permit and license in  
124 good standing pursuant to the provisions of chapter 550.

125 ~~Notwithstanding any contrary provision of law and in order to~~  
126 ~~expedite the operation of slot machines at eligible facilities,~~  
127 ~~any eligible facility shall be entitled within 60 days after the~~  
128 ~~effective date of this act to amend its 2006-2007 pari-mutuel~~  
129 ~~wagering operating license issued by the division under ss.~~  
130 ~~550.0115 and 550.01215. The division shall issue a new license~~  
131 ~~to the eligible facility to effectuate any approved change.~~

132 (c) Conduct no fewer than a full schedule of live racing or  
133 games as defined in s. 550.002(11). A permitholder's  
134 responsibility to conduct such number of live races or games  
135 shall be reduced by the number of races or games that could not  
136 be conducted due to the direct result of fire, war, hurricane,  
137 or other disaster or event beyond the control of the  
138 permitholder.

139 (d) Upon approval of any changes relating to the pari-  
140 mutuel permit by the division, be responsible for providing  
141 appropriate current and accurate documentation on a timely basis  
142 to the division in order to continue the slot machine license in  
143 good standing. Changes in ownership or interest of a slot  
144 machine license of 5 percent or more of the stock or other  
145 evidence of ownership or equity in the slot machine license or

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146 any parent corporation or other business entity that in any way  
147 owns or controls the slot machine license must ~~shall~~ be approved  
148 by the division before the ~~prior to such~~ change, unless the  
149 owner is an existing holder of that license who was previously  
150 approved by the division. Changes in ownership or interest of a  
151 slot machine license of less than 5 percent, unless such change  
152 results in a cumulative total of 5 percent or more, shall be  
153 reported to the division within 20 days after the change. The  
154 division may then conduct an investigation to ensure that the  
155 license is properly updated to show the change in ownership or  
156 interest. Reporting ~~No reporting~~ is not required if the person  
157 holds ~~is holding~~ 5 percent or less equity or securities of a  
158 corporate owner of the slot machine licensee that has its  
159 securities registered pursuant to s. 12 of the Securities  
160 Exchange Act of 1934, 15 U.S.C. ss. 78a-78kk, and if such  
161 corporation or entity files with the United States Securities  
162 and Exchange Commission the reports required by s. 13 of that  
163 act or if the securities of the corporation or entity are  
164 regularly traded on an established securities market in the  
165 United States. A change in ownership or interest of less than 5  
166 percent which results in a cumulative ownership or interest of 5  
167 percent or more must ~~shall~~ be approved by the division before  
168 the ~~prior to such~~ change unless the owner is an existing holder  
169 of the license who was previously approved by the division.

170 (e) Allow the division and the Department of Law  
171 Enforcement unrestricted access to and right of inspection of  
172 facilities of a slot machine licensee in which any activity  
173 relative to the conduct of slot machine gaming is conducted.

174 (f) Ensure that the facilities-based computer system that

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175 the licensee will use for operational and accounting functions  
176 of the slot machine facility is specifically structured to  
177 facilitate regulatory oversight. The facilities-based computer  
178 system shall be designed to provide the division and the  
179 Department of Law Enforcement with the ability to monitor, at  
180 any time on a real-time basis, the wagering patterns, payouts,  
181 tax collection, and such other operations as necessary to  
182 determine whether the facility is in compliance with statutory  
183 provisions and rules adopted by the division for the regulation  
184 and control of slot machine gaming. The division and the  
185 Department of Law Enforcement shall have complete and continuous  
186 access to this system. Such access shall include the ability of  
187 either the division or the Department of Law Enforcement to  
188 suspend play immediately on particular slot machines if  
189 monitoring of the system indicates possible tampering or  
190 manipulation of those slot machines or the ability to suspend  
191 play immediately of the entire operation if the tampering or  
192 manipulation is of the computer system itself. The computer  
193 system shall be reviewed and approved by the division to ensure  
194 necessary access, security, and functionality. The division may  
195 adopt rules to provide for the approval process.

196 (g) Ensure that each slot machine is protected from  
197 manipulation or tampering ~~to affect the random probabilities of~~  
198 ~~winning plays~~. The division or the Department of Law Enforcement  
199 has ~~shall have~~ the authority to suspend play upon reasonable  
200 suspicion of any manipulation or tampering. When play has been  
201 suspended on any slot machine, the division or the Department of  
202 Law Enforcement may examine the ~~any~~ slot machine to determine  
203 whether the machine has been tampered with or manipulated and

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204 whether the machine should be returned to operation.

205 (h) Submit a security plan, including the facilities' floor  
206 plan, the locations of security cameras, and a listing of all  
207 security equipment that is capable of observing and  
208 electronically recording activities being conducted in the  
209 facilities of the slot machine licensee. The security plan must  
210 meet the minimum security requirements as determined by the  
211 division under s. 551.103(1)(i) and be implemented before the  
212 ~~prior to~~ operation of slot machine gaming. The slot machine  
213 licensee's facilities must adhere to the security plan at all  
214 times. Any changes to the security plan must be submitted by the  
215 licensee to the division before the plan is implemented ~~prior to~~  
216 ~~implementation~~. The division shall furnish copies of the  
217 security plan and changes in the plan to the Department of Law  
218 Enforcement.

219 (i) Create and file with the division a written policy for:

220 1. Creating opportunities to purchase from vendors in this  
221 state, including minority vendors.

222 2. Creating opportunities for employment of residents of  
223 this state, including minority residents.

224 3. Ensuring opportunities for construction services from  
225 minority contractors.

226 4. Ensuring that opportunities for employment are offered  
227 on an equal, nondiscriminatory basis.

228 5. Training for employees on responsible gaming and working  
229 with a compulsive or addictive gambling prevention program to  
230 further its purposes as provided for in s. 551.118.

231 6. The implementation of a drug-testing program that  
232 includes, but is not limited to, requiring each employee to sign



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233 an agreement that he or she understands that the slot machine  
234 facility is a drug-free workplace.

235

236 The slot machine licensee shall use the Internet-based job-  
237 listing system of the Department of Economic Opportunity in  
238 advertising employment opportunities. ~~Beginning in June 2007,~~  
239 Each slot machine licensee shall provide an annual report to the  
240 division containing information indicating compliance with this  
241 paragraph in regard to minority persons.

242 (j) Ensure that the payout percentage of a slot machine  
243 gaming facility is at least 85 percent.

244 Section 3. Subsection (5) of section 551.121, Florida  
245 Statutes, is amended to read:

246 551.121 Prohibited activities and devices; exceptions.—

247 (5) A slot machine's random-number generator may not serve  
248 more than one station or terminal where an individual player  
249 places his or her wagers. However, a slot machine, or the  
250 computer operating system linking the slot machine, may be  
251 linked by any means to any other slot machine or computer  
252 operating system within the facility of a slot machine licensee  
253 for progressive jackpot payouts. A progressive system may not be  
254 used in conjunction with slot machines between licensed  
255 facilities in Florida or in other jurisdictions.

256 Section 4. This act shall take effect July 1, 2012.