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1                   A bill to be entitled  
2           An act relating to the state lottery; amending s.  
3           24.105, F.S.; authorizing the use of player-activated  
4           machines that have additional functionality; providing  
5           for discontinuance of machine operations; providing  
6           contract requirements; amending s. 24.111, F.S.;  
7           adding limited liability companies to the list of  
8           potential vendors that the Department of the Lottery  
9           must investigate; providing that the Department of the  
10          Lottery may lease all instant ticket vending machines;  
11          prohibiting the department from entering into a  
12          contract for a major procurement if a managing member  
13          of the vendor has been convicted of a felony; removing  
14          a duplicative provision; amending s. 24.113, F.S.;  
15          removing a provision limiting the percentage of the  
16          same type of minority retailer that the Department of  
17          the Lottery may contract with to 35 percent; amending  
18          s. 24.114, F.S.; providing a penalty for failure by a  
19          retailer to remit funds as required; providing an  
20          effective date.

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

23  
24           Section 1. Paragraph (a) of subsection (9) of section  
25   24.105, Florida Statutes, is amended to read:

26           24.105 Powers and duties of department.—The department  
27   shall:

28           (9) Adopt rules governing the establishment and operation  
29   of the state lottery, including:

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30 (a) The type of lottery games to be conducted, except that:

31 1. No name of an elected official shall appear on the  
32 ticket or play slip of any lottery game or on any prize or on  
33 any instrument used for the payment of prizes, unless such prize  
34 is in the form of a state warrant.

35 2. No coins or currency shall be dispensed from any  
36 electronic computer terminal or device used in any lottery game.

37 3. Other than as provided in subparagraph 4., no terminal  
38 or device may be used for any lottery game which may be operated  
39 solely by the player without the assistance of the retailer.

40 4. Only the three types of ~~The only~~ player-activated  
41 machines described in this subparagraph ~~machine which~~ may be  
42 ~~utilized is a machine which dispenses instant lottery game~~  
43 ~~tickets following the insertion of a coin or currency by a~~  
44 ~~ticket purchaser.~~ To be authorized, a machine must ~~+~~ be under the  
45 supervision and within the direct line of sight of the lottery  
46 retailer to ensure that the machine is monitored and only  
47 operated by persons at least 18 years of age and ~~+~~ be capable of  
48 being electronically deactivated by the retailer to prohibit use  
49 by persons less than 18 years of age through the use of a  
50 lockout device that maintains the machine's deactivation for a  
51 period of no less than 5 minutes; ~~and be designed to prevent its~~  
52 ~~use or conversion for use in any manner other than the~~  
53 ~~dispensing of instant lottery tickets.~~ Authorized machines may  
54 dispense change to players purchasing tickets but may not be  
55 utilized for paying the holders of winning tickets of any kind.  
56 At least one clerk must be on duty at the lottery retailer while  
57 the machine is in operation. However, at least two clerks must  
58 be on duty at any lottery location which has violated s.

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59 24.1055. Not more than 10 machines may be installed at any  
60 facility or location. In addition to the above requirements, the  
61 following requirements must also be satisfied:

62 a. A machine may be used to dispense preprinted instant  
63 lottery tickets, but the machine may not read or reveal the  
64 results of the ticket or allow a player to redeem any ticket.  
65 The machine, or any machine or device linked to the machine, may  
66 not include or make use of video reels or mechanical reels or  
67 other video depictions of slot machine or casino game themes or  
68 titles for game play. This does not preclude the use of casino  
69 game themes or titles on such tickets or signage or advertising  
70 displays on the machines;

71 b. A machine that displays an image of the ticket on a  
72 video screen may be used to dispense predetermined electronic  
73 instant lottery tickets, provided the player must touch the  
74 image of the ticket on the screen to reveal the outcome of the  
75 ticket. The machine may not permit a player to redeem winnings  
76 and may not make use of video reels or mechanical reels or  
77 simulate the play of any casino game. A retailer who utilizes  
78 such machines must be paid the same amount as the retailer would  
79 be paid for the sale of paper instant lottery tickets. However,  
80 a machine may not be installed at any licensed pari-mutuel  
81 facility;

82 c. A machine may be used to dispense a paper lottery ticket  
83 with numbers selected by the player or randomly by the machine.  
84 The machine may not reveal the winning numbers to the player.  
85 The winning numbers must be selected at a subsequent time and  
86 different location through a drawing by the Florida Lottery. The  
87 machine, or any machine or device linked to the machine, may not

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88 include or make use of video reels or mechanical reels or other  
89 video depictions of slot machine or casino-game themes or titles  
90 for game play. The machine may not be used to redeem a winning  
91 ticket. These requirements do not preclude the use of casino  
92 game themes or titles for signage or advertising on the machine;  
93 and

94 d. The department shall discontinue the operation of any  
95 machines authorized under this subparagraph if such operation  
96 results in cessation of payments, or payments being placed into  
97 escrow, under the compact authorized under s. 285.710. All  
98 contracts with retailers or vendors offering these machines  
99 shall be subject to this provision.

100 Section 2. Paragraphs (a) and (h) of subsection (2) and  
101 subsections (4) and (6) of section 24.111, Florida Statutes, are  
102 amended to read:

103 24.111 Vendors; disclosure and contract requirements.—

104 (2) The department shall investigate the financial  
105 responsibility, security, and integrity of each vendor with  
106 which it intends to negotiate a contract for major procurement.  
107 Such investigation may include an investigation of the financial  
108 responsibility, security, and integrity of any or all persons  
109 whose names and addresses are required to be disclosed pursuant  
110 to paragraph (a). Any person who submits a bid, proposal, or  
111 offer as part of a major procurement must, at the time of  
112 submitting such bid, proposal, or offer, provide the following:

113 (a) A disclosure of the vendor's name and address and, as  
114 applicable, the name and address and any additional disclosures  
115 necessary for an investigation of the financial responsibility,  
116 security, and integrity of the following:

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117 1. If the vendor is a corporation, the officers, directors,  
118 and each stockholder in such corporation; except that, in the  
119 case of owners of equity securities of a publicly traded  
120 corporation, only the names and addresses of those known to the  
121 corporation to own beneficially 5 percent or more of such  
122 securities need be disclosed.

123 2. If the vendor is a trust, the trustee and all persons  
124 entitled to receive income or benefit from the trust.

125 3. If the vendor is an association, the members, officers,  
126 and directors.

127 4. If the vendor is a partnership or joint venture, all of  
128 the general partners, limited partners, or joint venturers.

129 5. If the vendor is a limited liability company, each  
130 officer, director, member, manager, and managing member of the  
131 company.

132

133 If the vendor subcontracts any substantial portion of the work  
134 to be performed to a subcontractor, the vendor shall disclose  
135 all of the information required by this paragraph for the  
136 subcontractor as if the subcontractor were itself a vendor.

137 (h) The department may ~~shall~~ lease all instant ticket  
138 vending machines.

139

140 The department shall not contract with any vendor who fails to  
141 make the disclosures required by this subsection, and any  
142 contract with a vendor who has failed to make the required  
143 disclosures shall be unenforceable. Any contract with any vendor  
144 who does not comply with such requirements for periodically  
145 updating such disclosures during the tenure of such contract as

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146 may be specified in such contract may be terminated by the  
147 department. This subsection shall be construed broadly and  
148 liberally to achieve the ends of full disclosure of all  
149 information necessary to allow for a full and complete  
150 evaluation by the department of the competence, integrity,  
151 background, and character of vendors for major procurements.

152 (4) No contract for a major procurement with any vendor  
153 shall be entered into if that vendor, or any of the vendor's  
154 officers, directors, trustees, partners, managing members, or  
155 joint venturers whose names and addresses are required to be  
156 disclosed pursuant to paragraph (2) (a), has been convicted of,  
157 or entered a plea of guilty or nolo contendere to, a felony  
158 committed in the preceding 10 years, regardless of adjudication,  
159 unless the department determines that:

160 (a) The vendor or such individual has been pardoned or the  
161 vendor's or such individual's civil rights have been restored;

162 (b) Subsequent to such conviction or entry of plea the  
163 vendor or such individual has engaged in the kind of law-abiding  
164 commerce and good citizenship that would reflect well upon the  
165 integrity of the lottery; or

166 (c) If the vendor is not an individual, such vendor has  
167 terminated its relationship with the individual whose actions  
168 directly contributed to the vendor's conviction or entry of  
169 plea.

170 ~~(6) Every contract in excess of \$25,000 entered into by the~~  
171 ~~department pursuant to this section shall contain a provision~~  
172 ~~for payment of liquidated damages to the department for any~~  
173 ~~breach of contract by the vendor.~~ The department may require a  
174 liquidated damages provision in any contract if the department

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175 deems it necessary to protect the state's financial interest.

176 Section 3. Subsection (1) of section 24.113, Florida  
177 Statutes, is amended to read:

178 24.113 Minority participation.—

179 (1) It is the intent of the Legislature that the department  
180 encourage participation by minority business enterprises as  
181 defined in s. 288.703. Accordingly, 15 percent of the retailers  
182 shall be minority business enterprises as defined in s.  
183 ~~288.703(2); however, no more than 35 percent of such retailers~~  
184 ~~shall be owned by the same type of minority person, as defined~~  
185 ~~in s. 288.703(3).~~ The department is encouraged to meet the  
186 minority business enterprise procurement goals set forth in s.  
187 287.09451 in the procurement of commodities, contractual  
188 services, construction, and architectural and engineering  
189 services. This section shall not preclude or prohibit a minority  
190 person from competing for any other retailing or vending  
191 agreement awarded by the department.

192 Section 4. Section 24.114, Florida Statutes, is amended to  
193 read:

194 24.114 Bank deposits and control of lottery transactions.—

195 (1) (a) All moneys received by each retailer from the  
196 operation of the state lottery, including, but not limited to,  
197 all ticket sales, interest, gifts, and donations, less the  
198 amount retained as compensation for the sale of the tickets and  
199 the amount paid out as prizes, shall be remitted to the  
200 department or deposited in a qualified public depository, as  
201 defined in s. 280.02, as directed by the department.

202 (b) The department shall have the responsibility for all  
203 administrative functions related to the receipt of funds. The

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204 department may ~~also~~ require:

205 1. Each retailer to file with the department reports of the  
206 retailer's receipts and transactions in the sale of lottery  
207 tickets in such form and containing such information as the  
208 department may require.

209 2. ~~The department may require~~ Any person, including a  
210 qualified public depository, to perform any function, activity,  
211 or service in connection with the operation of the lottery as it  
212 may deem advisable pursuant to this act and rules of the  
213 department, and such functions, activities, or services shall  
214 constitute lawful functions, activities, and services of such  
215 person.

216 3. ~~(2) The department may require~~ Retailers to establish  
217 separate electronic funds transfer accounts for the purpose of  
218 receiving moneys from ticket sales, making payments to the  
219 department, and receiving payments from the department.

220 (2) ~~(3)~~ Each retailer is liable to the department for any  
221 and all tickets accepted or generated by any employee or  
222 representative of that retailer, and the tickets shall be deemed  
223 to have been purchased by the retailer unless returned to the  
224 department within the time and in the manner prescribed by the  
225 department.

226 (3) All moneys received by retailers from the sale of  
227 lottery tickets, less the amount retained as compensation for  
228 the sale of tickets and the amount paid out as prizes by the  
229 retailer, shall be held in trust prior to delivery to the  
230 department or electronic transfer to the Operating Trust Fund.

231 (4) A retailer who fails to remit funds to the department  
232 as required commits a misdemeanor of the first degree,

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233 punishable as provided in s. 775.082 or s. 775.083.

234 Section 5. This act shall take effect July 1, 2010.