



SPONSOR: Rep. D.E. Williams & Sen. Henry

HOUSE OF REPRESENTATIVES
147th GENERAL ASSEMBLY

HOUSE BILL NO. 135

AN ACT TO AMEND TITLES 3 AND 29 OF THE DELAWARE CODE RELATING TO THE LICENSING OF VIDEO LOTTERY CASINOS AND HARNESS RACING DAYS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

Section 1. Amend § 4801, Title 29 of the Delaware Code by making insertions as shown by underlining and deletions as shown by strikethrough as follows:

§ 4801. Statement of purpose.

(a) It is the purpose of this subchapter to establish a state-operated lottery under the supervision of a Director who shall be appointed by the Secretary of Finance with the written approval of the Governor and hold broad authority to administer the system in a manner which will produce the greatest income for the State.

(b) In authorizing a video lottery, it is the further purpose of the General Assembly to:

(1) Provide nonstate supported assistance in the form of increased economic activity and vitality for Delaware's harness and thoroughbred horse racing industries, which activity and vitality will enable the industry to improve its facilities and breeding stock, and cause increased employment; and

~~(2) Restrict the location of such lottery to locations where wagering is already permitted and/or such immediately adjacent property or properties that are owned by, or immediately adjacent properties that may be acquired by, the video lottery licensee as defined in § 4805(b)(13) of this title, and where controls exist.~~

(2) Restrict the location of such lottery to locations where wagering is or may be permitted as authorized in this Chapter.

(c) In authorizing the use of the Internet for certain lottery games, it is the further purpose of the General Assembly to:

(1) Expand access to certain lottery games by offering them on the Internet in a well-regulated and secure system designed to create a positive customer experience that limits access to minors, those with gambling problems, and others who should not be gaming;

(2) Improve the competitiveness of Delaware's video lottery licensees by encouraging reinvestment in their facilities and promoting the utilization of lottery games on the Internet at websites branded and promoted by the video lottery licensees and Delaware Lottery Office;

(3) Provide further support to Delaware's harness and thoroughbred horse racing industries by expanding the gaming offerings benefitting video lottery licensees and the horsemen or horsewomen who race there; and

(4) Enhance the offerings of the Delaware lottery by allowing it to develop keno and the sports lottery in a manner that promotes additional convenience and choices for Delawareans.

Section 2. Amend § 4803, Title 29 of the Delaware Code by making insertions as shown by underlining and deletions as shown by strikethrough as follows:

§ 4803. Definitions [Effective until June 30, 2013]

(a) "Charitable gaming organization" shall mean an organization, in existence as of January 1, 2013, that is a fraternal or veterans organization with national affiliation or an organization, in existence as of January 1, 2013, whose membership consists primarily of veterans honorably discharged or active duty service members.

(b) "Charitable video lottery machine" shall mean a video lottery machine that has been authorized by the Director to be placed at a location operated by a charitable gaming organization.

(c) "Credit slip" shall mean the receipt generated by a video lottery terminal when a player is playing that particular video lottery terminal, or the ticket resulting from a sports lottery game.

(d) "Director," as used in this subchapter, shall mean the Director of the State Lottery Office.

(e) "Employee organization" shall mean any organization that admits or seeks to admit to membership employees of a Delaware video lottery agent and that has as a purpose the representation of such employees in collective bargaining, grievance representation, labor disputes, salaries, wages, rates of pay, hours of employment, or conditions of work.

(f) "Gaming area" shall mean a location in a video lottery facility where gaming activity is conducted at video lottery machines or table games.

(g) "Gaming employee" shall mean a person employed in the operation of a video lottery facility and determined by the Director to have employment duties and responsibilities involving the security, maintenance, servicing, repair, or operation of video lottery machines and table game equipment, or is employed in a position that allows direct access to the internal workings of video lottery machines or table game equipment. Such employees shall include, without limitation: dealers; floorpersons; video lottery machine personnel; video lottery machine technicians; count room and cage personnel; security and surveillance employees; employees responsible for handling assets and proceeds associated with the operation of gaming activity; and employees with responsibility for policies concerning complimentaries or allowed to grant variances to policies concerning complimentaries.

(h) "Gaming excursion" shall mean an arrangement the purpose of which is to induce any person, selected or approved for participation therein on the basis of said person's ability to satisfy a financial qualification obligation related to said

53 person's ability or willingness to gamble or on any other basis related to said person's propensity to gamble, to come to a
54 video lottery facility for the purpose of gaming and pursuant to which, and as consideration for which, any or all of the cost
55 of transportation, food, lodging, and entertainment for said person is directly or indirectly paid by a video lottery agent or
56 employee thereof.

57 (i) "Gaming room service employee" shall mean a person employed to perform services or duties in a video lottery
58 facility, who has access to the gaming area or restricted gaming area, but who is not included within the definition of "key
59 employee" or "gaming employee".

60 (j) "Gross table game revenue" shall mean the total of all table game win or loss and poker revenue, including checks
61 received whether collected or not, received by a video lottery agent from table game operations; provided that if the value
62 of gross table game revenue at any video lottery facility in a given fiscal year is less than zero, any liabilities to winners in
63 such year shall be the responsibility of the video lottery agent. Gross table game revenue shall include entry fees charged in
64 a tournament in excess of cash prizes awarded. For purposes of this section, any check which is invalid and unenforceable
65 shall be treated as cash and included within gross table game revenue.

66 (k) "Internet lottery" shall mean all lottery games in which the player's interaction with the game operated by the Office
67 occurs over the Internet (which, for purposes of this chapter, shall include any public or private computer or terminal
68 network, whether linked electronically, wirelessly, through optical networking technology or other means), including
69 Internet ticket games, the Internet video lottery and Internet table games.

70 (l) "Internet table games" shall mean a lottery game in which the player's interaction with the game operated by the
71 Office occurs over the Internet through a website or network of a video lottery agent, rather than at a table game in a video
72 lottery facility, and in which the game is an Internet variation or compilation of a table game or table games, provided that
73 the game is expressly authorized by rule of the Director.

74 (m) "Internet ticket games" shall mean a lottery game in which the player's interaction with the game operated by the
75 Office occurs over the Internet through a website or network of the Office, and in which the winner is decided by chance
76 through mechanical or electronic means, and which shall include keno but which shall not include the video lottery, table
77 games, and other forms of the Internet lottery.

78 (n) "Internet video lottery" shall mean a lottery game in which the player's interaction with the game operated by the
79 Office occurs over the Internet through a website or network of a video lottery agent, rather than at a video lottery machine
80 in a video lottery facility, and in which the game is an Internet variation of a video lottery game, and which shall not
81 include keno, table games, and other forms of the Internet lottery.

(o) "Investor," as used in this subchapter, shall mean any person who owns, directly or indirectly, all or a portion of an applicant, except insofar as the applicant is publicly traded on a national securities exchange, in which case a person is an "investor" only if he, she or it holds or has the right to acquire 5% or more of the applicant's equity securities. For purposes of this subchapter, an "investor" shall not include any person or entity who has any ownership interest, directly or indirectly, in any casino within 100 miles of Dover, Delaware.

(p) "Key employee" shall mean a person employed in the operation of a video lottery facility and determined by the Director to be acting in a supervisory capacity or empowered to make discretionary decisions with respect to video lottery machine or table game operations, including, without limitation, the chief executive, financial and operation managers, video lottery department managers, cashier and cage supervisors, credit executives, pit bosses or managers, gaming employee shift managers or any other employee so designated by the Director for reasons consistent with the public policies of this subchapter, and shall include any officer or any employee of an employee organization who has direct involvement with or who exercises authority, discretion or influence in the representation of employees of a Delaware video lottery agent in collective bargaining, grievance representation, labor disputes, salaries, wages, rates of pay, hours of employment or conditions of work.

(pq) "Lottery" or "state lottery" or "system" shall mean the public gaming systems or games established and operated pursuant to this subchapter and including all types of lotteries.

(qr) "Net moneys" shall mean all moneys received from the sale of lottery tickets after first deducting sales agent commissions and payment of prizes under \$600.

(rs) "Office" shall mean the State Lottery Office established by this subchapter.

(st) "Poker revenue" shall mean the total value of rake charged to players at all poker tables. The poker revenue is determined by adding the value of cash, coupons, the amount recorded on the closer, the totals of amounts recorded on the credits and markers removed from a drop box, and subtracting the amount on the opener and the total of amounts recorded on fills removed from a drop box.

(tu) "Qualified child support obligation" shall mean any child support lien in excess of \$150 as provided by § 2215 of Title 13.

(uv) "Qualified video lottery prize" shall mean any video lottery prize paid by cash or check for which a W-2G is issued equal to or in excess of \$1,200 (but less any amounts withheld for income taxes).

(vw) "Restricted gaming area" shall mean the cashier's cage, the count room, the cage booths and runway areas, the interior of table game pits, the surveillance room and catwalk areas, the video lottery machine repair room and any other area designated by the Director as a restricted gaming area.

(wx) "Sports lottery" shall mean a lottery in which the winners are determined based on the outcome of any professional or collegiate sporting event, including racing, held within or without the State, but excluding collegiate sporting events that involve a Delaware college or university and amateur or professional sporting events that involve a Delaware team.

(xy) "Sports lottery machine" shall mean any machine in which bills, coins or tokens are deposited in order to play a sports lottery game. A machine shall be considered a sports lottery machine notwithstanding the use of an electronic credit system making the deposit of bills, coins or tokens unnecessary.

(yz) "Sports lottery operations employee" shall mean an individual employee, person or agent of an applicant or licensee who is responsible for the security of sports lottery operations or proceeds.

(zaa) "State Lottery Fund" shall mean those moneys derived from the sale of state lottery tickets and deposited in the state account of that name and those funds appropriated for the start-up costs of the system.

(aabb) "Table game" shall mean any game played in a video lottery facility with cards, dice or any mechanical, electromechanical or electronic device or machine (excluding keno, video lottery machines, and the Internet lottery) for money, credit or any representative of value, including, but not limited to, baccarat, blackjack, twenty-one, poker, craps, roulette, bingo, wheel of fortune or any variation of these games, whether or not similar in design or operation, provided that the game is expressly authorized by rule of the Director.

(bbcc) "Table game equipment" shall mean gaming tables, cards, dice, chips, tiles, shufflers, drop boxes or any other mechanical, electronic or other device, mechanism or equipment or related supplies used or consumed in the operation of any table games.

(eedd) "Table game win or loss" shall mean the value of gaming chips and cash won from patrons at gaming tables less the value of gaming chips and cash won by patrons at gaming tables other than poker tables. The table game win or loss is determined by adding the value of cash, total value of coupons, the amount recorded on the closer, the totals of amounts recorded on the credits and the issuance copies of markers removed from a drop box, subtracting the amount recorded on the opener and the total of amounts recorded on fills removed from a drop box. Match play coupons shall not be included, subject to limitations imposed by the Director.

(deee) "Video lottery" shall mean any lottery conducted in a video lottery facility with a video lottery machine or a network of linked video lottery machines with an aggregate progression prize or prizes (excluding keno, table games, and the Internet lottery).

(eeff) "Video lottery facility" shall mean a building containing a gaming area.

(ffgg) "Video lottery machine" shall mean any machine in which bills, coins or tokens are deposited in order to play in a game of chance in which the results, including options available to the player, are randomly determined by the machine. A

machine may use spinning reels or video displays or both, and may or may not dispense coins or tokens directly to winning players. A machine shall be considered a video lottery machine notwithstanding the use of an electronic credit system making the deposit of bills, coins or tokens unnecessary.

§ 4803. Definitions [Effective June 30, 2013].

(a) "Credit slip" shall mean the receipt generated by a video lottery terminal when a player is playing that particular video lottery terminal, or the ticket resulting from a sports lottery game.

(b) "Director," as used in this subchapter, shall mean the Director of the State Lottery Office.

(c) "Employee organization" shall mean any organization that admits or seeks to admit to membership employees of a Delaware video lottery agent and that has as a purpose the representation of such employees in collective bargaining, grievance representation, labor disputes, salaries, wages, rates of pay, hours of employment, or conditions of work.

(d) "Gaming area" shall mean a location in a video lottery facility where gaming activity is conducted at video lottery machines or table games.

(e) "Gaming employee" shall mean a person employed in the operation of a video lottery facility and determined by the Director to have employment duties and responsibilities involving the security, maintenance, servicing, repair, or operation of video lottery machines and table game equipment, or is employed in a position that allows direct access to the internal workings of video lottery machines or table game equipment. Such employees shall include, without limitation: dealers; floorpersons; video lottery machine personnel; video lottery machine technicians; count room and cage personnel; security and surveillance employees; employees responsible for handling assets and proceeds associated with the operation of gaming activity; and employees with responsibility for policies concerning complimentary or allowed to grant variances to policies concerning complimentary.

(f) "Gaming excursion" shall mean an arrangement the purpose of which is to induce any person, selected or approved for participation therein on the basis of said person's ability to satisfy a financial qualification obligation related to said person's ability or willingness to gamble or on any other basis related to said person's propensity to gamble, to come to a video lottery facility for the purpose of gaming and pursuant to which, and as consideration for which, any or all of the cost of transportation, food, lodging, and entertainment for said person is directly or indirectly paid by a video lottery agent or employee thereof.

(g) "Gaming room service employee" shall mean a person employed to perform services or duties in a video lottery facility, who has access to the gaming area or restricted gaming area, but who is not included within the definition of "key employee" or "gaming employee".

(h) "Gross table game revenue" shall mean the total of all table game win or loss and poker revenue, including checks received whether collected or not, received by a video lottery agent from table game operations; provided that if the value of gross table game revenue at any video lottery facility in a given fiscal year is less than zero, any liabilities to winners in such year shall be the responsibility of the video lottery agent. Gross table game revenue shall include entry fees charged in a tournament in excess of cash prizes awarded. For purposes of this section, any check which is invalid and unenforceable shall be treated as cash and included within gross table game revenue.

(i) "Investor," as used in this subchapter, shall mean any person who owns, directly or indirectly, all or a portion of an applicant, except insofar as the applicant is publicly traded on a national securities exchange, in which case a person is an "investor" only if he, she or it holds or has the right to acquire 5% or more of the applicant's equity securities. For purposes of this subchapter, an "investor" shall not include any person on entity who has any ownership interest, directly or indirectly, in any casino within 100 miles of Dover, Delaware.

~~(j)~~ "Internet lottery" shall mean all lottery games in which the player's interaction with the game operated by the Office occurs over the Internet (which, for purposes of this chapter, shall include any public or private computer or terminal network, whether linked electronically, wirelessly, through optical networking technology or other means), including Internet ticket games, the Internet video lottery and Internet table games.

~~(k)~~ "Internet table games" shall mean a lottery game in which the player's interaction with the game operated by the Office occurs over the Internet through a website or network of a video lottery agent, rather than at a table game in a video lottery facility, and in which the game is an Internet variation or compilation of a table game or table games, provided that the game is expressly authorized by rule of the Director.

~~(l)~~ "Internet ticket games" shall mean a lottery game in which the player's interaction with the game operated by the Office occurs over the Internet through a website or network of the Office, and in which the winner is decided by chance through mechanical or electronic means, and which shall include keno but which shall not include the video lottery, table games, and other forms of the Internet lottery.

~~(m)~~ "Internet video lottery" shall mean a lottery game in which the player's interaction with the game operated by the Office occurs over the Internet through a website or network of a video lottery agent, rather than at a video lottery machine in a video lottery facility, and in which the game is an Internet variation of a video lottery game, and which shall not include keno, table games, and other forms of the Internet lottery.

~~(n)~~ "Key employee" shall mean a person employed in the operation of a video lottery facility and determined by the Director to be acting in a supervisory capacity or empowered to make discretionary decisions with respect to video lottery machine or table game operations, including, without limitation, the chief executive, financial and operation managers,

video lottery department managers, cashier and cage supervisors, credit executives, pit bosses or managers, gaming employee shift managers or any other employee so designated by the Director for reasons consistent with the public policies of this subchapter, and shall include any officer or any employee of an employee organization who has direct involvement with or who exercises authority, discretion or influence in the representation of employees of a Delaware video lottery agent in collective bargaining, grievance representation, labor disputes, salaries, wages, rates of pay, hours of employment or conditions of work.

(~~h~~o) "Lottery" or "state lottery" or "system" shall mean the public gaming systems or games established and operated pursuant to this subchapter and including all types of lotteries.

(~~e~~p) "Net moneys" shall mean all moneys received from the sale of lottery tickets after first deducting sales agent commissions and payment of prizes under \$600.

(~~p~~q) "Office" shall mean the State Lottery Office established by this subchapter.

(~~q~~r) "Poker revenue" shall mean the total value of rake charged to players at all poker tables. The poker revenue is determined by adding the value of cash, coupons, the amount recorded on the closer, the totals of amounts recorded on the credits and markers removed from a drop box, and subtracting the amount on the opener and the total of amounts recorded on fills removed from a drop box.

(~~r~~s) "Qualified child support obligation" shall mean any child support lien in excess of \$150 as provided by § 2215 of Title 13.

(~~s~~t) "Qualified video lottery prize" shall mean any video lottery prize paid by cash or check for which a W-2G is issued equal to or in excess of \$1,200 (but less any amounts withheld for income taxes).

(~~t~~u) "Restricted gaming area" shall mean the cashier's cage, the count room, the cage booths and runway areas, the interior of table game pits, the surveillance room and catwalk areas, the video lottery machine repair room and any other area designated by the Director as a restricted gaming area.

(~~u~~v) "Sports lottery" shall mean a lottery in which the winners are determined based on the outcome of any professional or collegiate sporting event, including racing, held within or without the State, but excluding collegiate sporting events that involve a Delaware college or university and amateur or professional sporting events that involve a Delaware team.

(~~v~~w) "Sports lottery machine" shall mean any machine in which bills, coins or tokens are deposited in order to play a sports lottery game. A machine shall be considered a sports lottery machine notwithstanding the use of an electronic credit system making the deposit of bills, coins or tokens unnecessary.

(~~w~~x) "Sports lottery operations employee" shall mean an individual employee, person or agent of an applicant or licensee who is responsible for the security of sports lottery operations or proceeds.

(~~xy~~) "State Lottery Fund" shall mean those moneys derived from the sale of state lottery tickets and deposited in the state account of that name and those funds appropriated for the start-up costs of the system.

(~~yz~~) "Table game" shall mean any game played in a video lottery facility with cards, dice or any mechanical, electromechanical or electronic device or machine (excluding keno, video lottery machines, and the Internet lottery) for money, credit or any representative of value, including, but not limited to, baccarat, blackjack, twenty-one, poker, craps, roulette, bingo, wheel of fortune or any variation of these games, whether or not similar in design or operation, provided that the game is expressly authorized by rule of the Director.

(~~zaa~~) "Table game equipment" shall mean gaming tables, cards, dice, chips, tiles, shufflers, drop boxes or any other mechanical, electronic or other device, mechanism or equipment or related supplies used or consumed in the operation of any table games.

(~~aabb~~) "Table game win or loss" shall mean the value of gaming chips and cash won from patrons at gaming tables less the value of gaming chips and cash won by patrons at gaming tables other than poker tables. The table game win or loss is determined by adding the value of cash, total value of coupons, the amount recorded on the closer, the totals of amounts recorded on the credits and the issuance copies of markers removed from a drop box, subtracting the amount recorded on the opener and the total of amounts recorded on fills removed from a drop box. Match play coupons shall not be included, subject to limitations imposed by the Director.

(~~bbcc~~) "Video lottery" shall mean any lottery conducted in a video lottery facility with a video lottery machine or a network of linked video lottery machines with an aggregate progression prize or prizes (excluding keno, table games, and the Internet lottery).

(~~eedd~~) "Video lottery facility" shall mean a building containing a gaming area.

(~~edee~~) "Video lottery machine" shall mean any machine in which bills, coins or tokens are deposited in order to play in a game of chance in which the results, including options available to the player, are randomly determined by the machine. A machine may use spinning reels or video displays or both, and may or may not dispense coins or tokens directly to winning players. A machine shall be considered a video lottery machine notwithstanding the use of an electronic credit system making the deposit of bills, coins or tokens unnecessary.

Section 3. Amend § 4805(b)(13), Title 29 of the Delaware Code by making insertions as shown by underlining and deletions as shown by strikethrough as follows:

§ 4805. Director -- Powers and duties [Effective until June 30, 2013]

(a) The Director shall have the power and the duty to operate and administer the state lottery and to promulgate such rules and regulations governing the establishment and operation of the lottery as the Director deems necessary and desirable

in order that the lottery be initiated at the earliest feasible time and in order that the system shall produce the maximum amount of net revenues consonant with the dignity of the State and the general welfare of the people. The rules shall provide for all matters necessary or desirable for the efficient and economical operation and administration of the system and for the convenience of the purchasers of lottery tickets and the holders of winning tickets, and the players of all state lottery games including, but not limited to, the following:

- (1) Type and number of games to be conducted;
 - (2) Price or prices of tickets for any game;
 - (3) Numbers and sizes of the prizes on the winning tickets;
 - (4) Manner of selecting the winning tickets;
 - (5) Manner of payment of prizes to the holders of winning tickets;
 - (6) Frequency of the drawings or selections of winning tickets;
 - (7) Number and types of locations at which tickets may be sold and the sports lottery and keno may be conducted;
 - (8) Method to be used in selling tickets;
 - (9) Licensing of agents to sell tickets or host keno; provided, that, no person under the age of 18 shall be licensed as an agent;
 - (10) Manner and amount of compensation, if any, to be paid to licensed agents, other than video lottery agents, necessary to provide for the adequate availability of games to prospective buyers and for the convenience of the public;
 - (11) Apportionment of the total revenues accruing from the sale of tickets among:
 - a. Payment of prizes to the holders of winning tickets;
 - b. Payment of costs incurred in the operation and administration of the state lottery system, including the expenses of the office and the costs resulting from any contract or contracts entered into for promotional, advertising or operational services or for the purchase or lease of gaming equipment and materials;
 - c. Repayment of the moneys appropriated to the State Lottery Fund pursuant to § 3 of 59 Del. Laws, c. 348; and
 - d. Payment of earnings to the General Fund of the State;
- Provided, that no less than 30 percent of the total revenues accruing from the sale of tickets or shares shall be dedicated to subparagraph d. of this paragraph;

(12) Such other matters necessary or desirable for the efficient and economical operation and administration of the game and for the convenience of the purchasers of tickets and the holders of winning tickets and the players of the video lottery, the sports lottery, Internet lottery, keno, and table games;

(13) Value of bills, coins or tokens needed to play the video lottery machines, sports lottery machines and table games;

(14) Licensing of agents for video lotteries;

(15) Payout from video lottery machines, provided that such payouts shall not be less than 87% on an average annual basis, and further provided that video lottery agents may return a payout greater than 87% but not greater than 95% upon 10 days written notice to the Director, and further provided that video lottery agents may, with the approval of the Lottery Director, return a greater payout percentage than 95%;

(16) A licensure requirement and enforcement procedure for officers, directors, key employees, gaming employees, gaming room service employees, sports lottery operations employees, and persons who own directly or indirectly 10% or more of such agent, in accordance with § 4828 of this title;

(17) A licensure requirement and enforcement procedure for service companies in accordance with § 4829 of this title;

(18) Standards for advertising, marketing and promotional materials used by video lottery agents;

(19) Regulations and procedures for the accounting and reporting of the payments required under §§ 4815 and 4819 of this title;

(20) The registration, kind, type, number and location of video lottery machines, sports lottery machines and table games on the licensee's premises, subject to the Director's obligations set forth in § 4820(b) of this title;

(21) The on-site security arrangements for video lottery agents and sports lottery agents;

(22) Requiring the reporting of information about video lottery agents, sports lottery agents, their employees, vendors and finances necessary or desirable to ensure the security of the lottery system. None of the information disclosed pursuant to this subsection shall be subject to disclosure under the Freedom of Information Act, §§ 10001-10005 of this title;

(23) The reporting and auditing of financial information of licensees including, but not limited to, the reporting of profits or losses incurred by licensees and the reporting by licensees of such employment and payroll information as is necessary for the Director to determine compliance with § 10148(1) of Title 3 or § 100048 of Title 3 as the case may be. None of the information disclosed pursuant to this subsection shall be subject to disclosure under the Freedom of Information Act, §§ 10001-10005 of this title;

319 (24)a. A registration requirement and enforcement procedure for any employee organization representing or
320 seeking to represent employees who are employed by a Delaware video lottery agent. Any employee organization may at
321 any time file with the office an application for registration as an employee organization. However, an employee
322 organization shall be required to file such registration application within 10 business days after it secures a signed
323 authorization card from any employee who is employed by a Delaware video lottery agent.

324 Any registration statement filed by an employee organization after the signature of an authorization card
325 but prior to the employee organization's petition for election shall not be subject to disclosure by the Lottery Office to any
326 video lottery agent;

327 b. Every key employee of an employee organization shall be required to register with the office at the
328 same time as the application for registration is filed under subparagraph a. of this paragraph or within 30 days after the date
329 on which such individual is elected, appointed or hired, whichever is later;

330 c. The application for registration by an employee organization or key employee of such employee
331 organization may be denied or registration revoked under the following circumstances:

332 1. If such employee organization or key employee of such employee organization is in violation of
333 standards established under the Labor-Management Reporting and Disclosure Procedure Prohibition Against Certain
334 Persons Holding Office, 29 U.S.C 504(a);

335 2. The applicant's competence, honesty or integrity pose a threat to the public interest of the State
336 or to the reputation of or effective regulation and control of the lottery based on the applicant's associations or by virtue of
337 the fact that the applicant has been convicted of a felony crime of moral turpitude or has been arrested for an act
338 constituting racketeering under § 1502(9)a., b.2. or b.4. through 10. of Title 11 within 10 years prior to applying for
339 registration hereunder or at any time thereafter. Any employee or employee organization denied registration based on an
340 arrest for an act constituting racketeering under § 1502(9)a., b.2. or b.4. through 10. of Title 11 may apply for
341 reconsideration of registration if subsequently acquitted or a nolle prosequi is entered or the charge is otherwise dismissed.
342 In such instances, the Lottery Office shall reconsider the applicant's registration based on the criteria previously set forth in
343 this subsection;

344 3. The organization or individual has knowingly made or caused to be made any written statement
345 to any representative of the office or the Delaware State Police or any oral response to an official inquiry by the office, its
346 employees or agents which was at the time and in light of circumstances under which it was made false or misleading;

347 4. The organization or key employee thereof holds or obtains a direct financial interest in any
348 video lottery agent, provided the employee organization is provided a 30-day period to divest of any such direct financial
349 interest.

350 The Delaware State Police shall conduct the background checks required by this paragraph. The failure of
351 any key employee to satisfy the requirements of paragraph (a)(24)c.1. through 4. of this section may constitute grounds for
352 suspension of the registration of the employee organization if the organization does not remove the key employee from the
353 key employee's duties as defined in § 4803(o) of this title. The employee organization will be given a reasonable
354 opportunity to remove or replace any key employee found to be in violation of paragraph (a)(24)c.1. through 4. of this
355 section;

356 d. All registration statements filed under this paragraph shall be valid for a 1-year period and a renewed
357 registration form or an updated supplemental registration form must be filed annually. The entity or individual filing such
358 form is under a continuing duty to promptly notify the Director of any changes in disclosed information;

359 e. The Secretary of Finance shall, within a reasonable time, if requested by the Director, appoint a hearing
360 officer to determine whether the application for registration shall be denied or the registration suspended or revoked. The
361 hearing officer shall be required to hold a hearing in conformance with the requirements of § 10131 of this title. In any
362 hearing, the Delaware Uniform Rules of Evidence shall be in effect. The denial of an application of registration or the
363 suspension or revocation of a registration shall be bound by the provisions of §§ 10133 and 10134 of this title. The hearing
364 officer's decision to deny an application of registration or to suspend or revoke a registration shall be appealable to the
365 Superior Court under the Delaware Administrative Procedures Act (Chapter 101 of this title). All applications for
366 registration shall be deemed approved unless the Director notifies the applicant within 60 days of his or her decision not to
367 approve and to appoint a hearing officer under this paragraph, or unless extenuating circumstances require a longer period,
368 in which case the Director shall act with all deliberate speed to complete the process. Any employee organization may
369 continue to provide services to employees of a Delaware video lottery agent during the review of the application process
370 and the appeal process, except where the employee organization is found in violation of paragraph (a)(24)c.4. of this section
371 or there has been a previous violation of paragraph (a)(24)c.1. through 3. of this section by the employee organization
372 within the previous 10 years;

373 f. Information requested in the application of registration provided for under this paragraph shall be
374 adopted as part of the office's official rules and regulations upon notice and opportunity for a hearing under the Delaware
375 Administrative Procedures Act [Chapter 101 of this title];

(25) The Director shall adopt procedures under the Delaware Administrative Procedures Act [Chapter 101 of this title] for employment investigations of the honesty, integrity, reputation and associations of office employees in order to determine that the employee's employment does not pose a threat to the public interest of the State or the integrity of the office. The procedures and any rules and regulations shall require any person seeking employment for compensation with the office for a position which has direct access to lottery ticket sales agents, video lottery agents, sports lottery agents, or vendors to submit his or her fingerprints and other relevant information in order to obtain the individual's entire federal and state criminal history record. The Delaware State Police shall conduct the investigations required under such rules and regulations. The rules and regulations shall require new employees to submit fingerprints for purposes of the state and federal criminal history checks;

(26) Type and number of sports lottery games to be conducted, the location and licensure of facilities where the sports lottery be conducted pursuant to § 4825 of this title, the price or prices for any sports lottery games, the rules for any sports lottery games, and the payout and manner of compensation to be paid to winners of sports lottery games;

(27) Type and number of table games to be conducted, the price or prices for any table games, the rules for any table games, the payout and manner of compensation to be paid to winners of table games, and the minimum and maximum wagers for any table games;

(28) The licensure and location of facilities where keno games may be conducted, the price or prices for any keno games, the rules for any keno games, and the payout and manner of compensation to be paid to winners of keno games;

(29) The regulations and procedures for the display and presentation of messages concerning responsible gaming and the regulations, procedures and training for identification of and assistance to compulsive gamblers;

(30) The provision of complimentary services, gifts, transportation, cash, food, nonalcoholic beverages, entertainment or any other thing of value by a lottery agent to a guest;

(31) The procedures for the review and evaluation of licensing applications, including the forms of applications, procedures for fingerprinting and other means of identification, procedures for hearings, and grounds and procedures for the approval, denial, revocation or suspension of a license;

(32) Procedures relating to internal management controls of video lottery agents, including accounting controls and employee and supervisory organizational charts and responsibilities;

(33) Standards for the manufacture, sale, distribution, maintenance, repair, and servicing of video lottery machines and table game equipment; and

(34) Standards for the conduct of the Internet lottery in accordance with this chapter.

(b) The Director shall also have the power and it shall be the Director's duty to:

(1) Appoint such deputy directors as may be required to carry out the functions and duties of the office. Each deputy director shall have had 3 years management experience in areas pertinent to the prospective responsibilities and an additional 3 years of experience in the same field.

(2) Within the limit of the funds made available in § 3 of 59 Del. Laws, c. 348, and proceeding from the sale of lottery tickets and generated by the operations of video lottery agents, appoint such professional, technical, and clerical assistants and employees as may be necessary to perform the duties imposed upon the office by this subchapter.

(3) In accordance with this subchapter, license as agents to sell lottery tickets persons who will best serve, by location or accessibility, the public convenience and promote the sale of lottery tickets. The Director may require a bond from every agent so licensed in such amount as the Director deems necessary. Every licensed agent shall prominently display the agent's license or a copy thereof.

(4) Enter into contracts for the operation of any game or part thereof and into contracts for the promotion of the game or games. This authorization is to be construed to include, but not be limited to, contracting with any racing or other sporting association to conduct sporting events within any racetrack or sports field in the State, the outcome of which shall determine the winners of a state game or, as an alternative, to affiliate the determination of the winners of a game with any racing or sporting event held within or without the State, and, including agreements with other state, provincial or international lotteries for participation in lottery games. All contracts for other than professional services in an amount greater than \$2,000 shall be awarded to the lowest responsible bidder in the manner prescribed by state bidding laws. No contract awarded or entered into by the Director may be assigned by the holder thereof except by specific approval of the Director.

(5) Make arrangements for any person or organization, including banks, to perform such functions, activities or services in connection with the operation of the system as the Director may deem advisable.

(6) Suspend or revoke any license issued pursuant to this subchapter or the rules and regulations promulgated hereunder.

(7) Certify and report monthly to the State Treasurer the total lottery revenues, prize disbursements and other expenses for the preceding month, and to make an annual report to the Governor and the General Assembly, which report shall include a full and complete statement of revenues, prize disbursements and other expenses and recommendations for such changes in this subchapter as the Director deems necessary or desirable.

(8) Report immediately to the Governor and members of the General Assembly any matters which shall require immediate changes in the laws of the State in order to prevent abuses and evasions of this subchapter or the rules and

regulations promulgated hereunder or to rectify undesirable conditions in connection with the administration or operation of the gaming system. Such a report shall be disclosed to the public immediately upon issuance.

(9) Carry on a continuous study and investigation of the system:

a. For the purpose of ascertaining any defects in this subchapter or in the rules and regulations issued hereunder by reason whereof any abuses in the administration and operation of the lottery or any evasion of this subchapter or the rules and regulations may arise or be practiced;

b. For the purpose of formulating recommendations for changes in this subchapter and the rules and regulations promulgated hereunder to prevent such abuses and evasions;

c. To guard against the use of this subchapter to benefit organized gambling and crime or criminals in any manner whatsoever; and

d. To insure that this law and the rules and regulations shall be in such form and be so administered as to serve the true purpose of this subchapter.

(10) Make a continuous study and investigation of:

a. The operation and administration of similar laws which may be in effect in other states and countries;

b. Any literature on the subject which from time to time may be published or available;

c. Any federal laws which may affect the operation of the lottery; and

d. The reaction of Delaware citizens to existing and potential features of the games with a view to recommending or effecting changes that will tend to serve the purposes of this subchapter.

(11) Make available to the State Auditor or the State Auditor's representative such information as may be required to perform an annual audit as prescribed in Chapter 29 of this title.

(12) Establish state-operated sales offices, without limit as to number or location, as the Director shall deem suitable and economical in order to make lottery tickets more available to the public, which offices shall be operated solely from funds generated by the lotteries permitted by this subchapter.

(13) License as video lottery agents each person, corporation or association which is either selected as a video lottery casino pursuant to section 4819(a)(2) of this Title, or which, in 1993, held either a horse racing meet pursuant to Title 3 or Title 28 or a harness horse racing meet pursuant to Title 3, provided that such person, corporation or association satisfies such fitness and background standards as the Director may promulgate pursuant to subsection (a)(16) of this section. ~~License as video lottery agents each person, corporation or association which, in 1993, held either a horse racing meet pursuant to Title 3 or Title 28 or a harness horse racing meet pursuant to Title 3 and who satisfies such fitness and background standards as the Director may promulgate pursuant to subsection (a)(16) of this section.~~ In the event that there

shall have been or shall be a change of ownership or such person, corporation or association after the close of the 1993 racing meet then the issuance by the Director of a license to serve as a video lottery agent shall be conditioned upon the Director's determination that such person, corporation or association shall have met the requirements of § 4806(a)(1)-(4) and (b) of this title and satisfies such fitness and background standards as the Director may promulgate pursuant to subsection (a)(16) of this section. Change of ownership occurring after the Director has issued a license shall automatically terminate the license 90 days thereafter unless the Director has determined after application to issue a license to the new owner(s) because the new owner(s) have met the requirements of § 4806(a)(1)-(4) and (b) of this title and satisfied such fitness and background standards as the Director may promulgate pursuant to subsection (a)(16) of this section. Any license granted pursuant to this subsection is a privilege personal to the video lottery agent and is not a legal right. A license granted or renewed pursuant to this subsection may not be transferred or assigned to another person, nor may a license be pledged as collateral. For purposes of this subsection, "a change of ownership" shall have occurred if more than 20 percent of the legal or beneficial interests in such person, corporation or association shall be transferred, whether by direct or indirect means.

(14) Whenever the Director deems necessary, examine all accounts, bank accounts, financial statements and records of the licensee in a licensee's possession or under its control in which it has an interest and the licensee must authorize all 3rd parties, including parents, subsidiaries or related entities, in possession or control of the accounts or records of the licensee to allow examination of any of those accounts or records by the Director. None of the information disclosed pursuant to this subsection shall be subject to disclosure under the Freedom of Information Act, §§ 10001-10005 of this title.

(15) Subpoena witnesses and compel the production of books, papers and documents of a licensee in connection with any hearings of the Director and may administer oaths or affirmations to the witnesses whenever, in the judgment of the Director, it may be necessary for the effectual discharge of duties.

If any person refuses to obey any subpoena or to testify or to produce any books, papers or documents, then the Director may apply to the Superior Court of the county in which the Director may be sitting and, thereupon, the Court shall issue its subpoena requiring the person to appear and testify or to produce the books, papers and documents before the Director. Whoever fails to obey or refuses to obey a subpoena of the Superior Court shall be guilty of contempt of court and shall be punished accordingly. False swearing on the part of any witness shall be deemed perjury and shall be punished as such.

(16) Bar, pursuant to §§ 4834 and 4835 of this title, any person from entering the premises of a lottery agent or from participating in any capacity in the play of any table game, sports lottery game, video lottery game, or Internet lottery game, and, as applicable, procure such assistance from lottery agents as is appropriate to enforce any such bar.

(17) Impose reasonable fees, as set by the Director and payable to the Office, upon applicants for licenses pursuant to §§ 4828 and 4829 of this title for the conduct of the review and investigation of the applicant, such fees to approximate and reasonably reflect all costs necessary to defray the expenses of the lottery and Division of Gaming Enforcement.

(18) Require video lottery agents to submit regular internal control submissions, which shall contain a narrative description of the internal control system to be utilized by the video lottery facility, including, but not limited to:

a. Accounting controls, including the standardization of forms and definition of terms to be utilized in the gaming;

b. Procedures, forms and, where appropriate, formulas covering the calculation of hold percentages; revenue drop; expense and overhead schedules; complimentary services;

c. Job descriptions and the system of personnel and chain-of-command, establishing a diversity of responsibility among employees engaged in gaming operations and identifying primary and secondary supervisory oversight responsibilities; and personnel practices;

d. Procedures within the cashier's cage for the receipt, storage and disbursal of chips, cash, and other cash equivalents used in wagering; the cashing of checks; the redemption of chips and other cash equivalents used in gaming;

e. Procedures for the collection and security of moneys at the gaming tables;

f. Procedures for the transfer and recordation of chips between the gaming tables and the cashier's cage and the transfer and recordation of moneys within the facility;

g. Procedures for the transfer of moneys from the gaming tables to the counting process and the transfer of moneys within the facility for the counting process;

h. Procedures and security for the counting and recordation of table game revenue;

i. Procedures and security standards for the handling and storage of gaming apparatus, including cards, dice, machines, wheels and all other gaming equipment;

j. Procedures and rules governing the conduct of particular games and the responsibility of casino personnel in respect thereto;

k. Procedures for the security, storage and recording of cash, chips, and cash equivalents utilized in gaming operations.

(19) Make Internet lottery games available at such websites and in such a manner as determined by the Office in accordance with this chapter, and utilizing technology to ensure that players are legally eligible to engage in such gaming.

(c) The licenses granted pursuant to paragraph (b)(13) of this section or § 4825 of this title may be revoked or suspended for cause upon 30 days' written notice to the licensee or due to a change in ownership as set forth in those provisions, but shall otherwise not be subject to expiration or termination. "Cause" shall by way of example and not by limitation include falsifying any application for license or report required by the rules and regulations, the failure to report any information required by the rules and regulations, the material violation of any rules and regulations promulgated by the Director or any conduct by the licensee which undermines the public confidence in the video lottery system or serves the interest of organized gambling or crime and criminals in any manner. A license may be revoked for an unintentional violation of any federal, state or local law, rule or regulation provided that the violation is not cured within a reasonable time as determined by the Director; or a longer period where the video lottery agent has made diligent efforts to cure. The Secretary of Finance shall within a reasonable time, if requested, appoint a hearing officer to hold a hearing to determine whether the license should be revoked or suspended. The hearing officer's decision revoking or suspending the license shall be appealable to the Superior Court under the provisions of the Administrative Procedures Act [Chapter 101 of this title]. Any decision of the Director relating to the business plan or the number of video lottery machines to be awarded to licensees under § 4820(b) of this title shall be appealable under the Administrative Procedures Act in the manner of a case decision. Notwithstanding the foregoing, nothing in this subsection shall otherwise prohibit the termination or revocation of a license in accordance with the rules and regulations adopted hereunder.

§ 4805. Director -- Powers and duties [Effective June 30, 2013].

(a) The Director shall have the power and the duty to operate and administer the state lottery and to promulgate such rules and regulations governing the establishment and operation of the lottery as the Director deems necessary and desirable in order that the lottery be initiated at the earliest feasible time and in order that the system shall produce the maximum amount of net revenues consonant with the dignity of the State and the general welfare of the people. The rules shall provide for all matters necessary or desirable for the efficient and economical operation and administration of the system and for the convenience of the purchasers of lottery tickets and the holders of winning tickets, and the players of all state lottery games including, but not limited to, the following:

- (1) Type and number of games to be conducted;
- (2) Price or prices of tickets for any game;
- (3) Numbers and sizes of the prizes on the winning tickets;
- (4) Manner of selecting the winning tickets;

(5) Manner of payment of prizes to the holders of winning tickets;

(6) Frequency of the drawings or selections of winning tickets;

(7) Number and types of locations at which tickets may be sold and the sports lottery and keno may be conducted;

(8) Method to be used in selling tickets;

(9) Licensing of agents to sell tickets or host keno; provided, that, no person under the age of 18 shall be licensed as an agent;

(10) Manner and amount of compensation, if any, to be paid to licensed agents, other than video lottery agents, necessary to provide for the adequate availability of games to prospective buyers and for the convenience of the public;

(11) Apportionment of the total revenues accruing from the sale of tickets among:

- a. Payment of prizes to the holders of winning tickets;
- b. Payment of costs incurred in the operation and administration of the state lottery system, including the expenses of the office and the costs resulting from any contract or contracts entered into for promotional, advertising or operational services or for the purchase or lease of gaming equipment and materials;
- c. Repayment of the moneys appropriated to the State Lottery Fund pursuant to § 3 of 59 Del. Laws, c. 348; and
- d. Payment of earnings to the General Fund of the State;

Provided, that no less than 30 percent of the total revenues accruing from the sale of tickets or shares shall be dedicated to subparagraph d. of this paragraph;

(12) Such other matters necessary or desirable for the efficient and economical operation and administration of the game and for the convenience of the purchasers of tickets and the holders of winning tickets and the players of the video lottery, the sports lottery, Internet lottery, keno, and table games;

(13) Value of bills, coins or tokens needed to play the video lottery machines, sports lottery machines and table games;

(14) Licensing of agents for video lotteries;

(15) Payout from video lottery machines, provided that such payouts shall not be less than 87% on an average annual basis, and further provided that video lottery agents may return a payout greater than 87% but not greater than 95% upon 10 days written notice to the Director, and further provided that video lottery agents may, with the approval of the Lottery Director, return a greater payout percentage than 95%;

(16) A licensure requirement and enforcement procedure for officers, directors, key employees, gaming employees, gaming room service employees, sports lottery operations employees, and persons who own directly or indirectly 10% or more of such agent, in accordance with § 4828 of this title;

(17) A licensure requirement and enforcement procedure for service companies in accordance with § 4829 of this title;

(18) Standards for advertising, marketing and promotional materials used by video lottery agents;

(19) Regulations and procedures for the accounting and reporting of the payments required under §§ 4815 and 4819 of this title;

(20) The registration, kind, type, number and location of video lottery machines, sports lottery machines and table games on the licensee's premises, subject to the Director's obligations set forth in § 4820(b) of this title;

(21) The on-site security arrangements for video lottery agents and sports lottery agents;

(22) Requiring the reporting of information about video lottery agents, sports lottery agents, their employees, vendors and finances necessary or desirable to ensure the security of the lottery system. None of the information disclosed pursuant to this subsection shall be subject to disclosure under the Freedom of Information Act, §§ 10001-10005 of this title;

(23) The reporting and auditing of financial information of licensees including, but not limited to, the reporting of profits or losses incurred by licensees and the reporting by licensees of such employment and payroll information as is necessary for the Director to determine compliance with § 10148(1) of Title 3 or § 100048 of Title 3 as the case may be. None of the information disclosed pursuant to this subsection shall be subject to disclosure under the Freedom of Information Act, §§ 10001-10005 of this title;

(24)a. A registration requirement and enforcement procedure for any employee organization representing or seeking to represent employees who are employed by a Delaware video lottery agent. Any employee organization may at any time file with the office an application for registration as an employee organization. However, an employee organization shall be required to file such registration application within 10 business days after it secures a signed authorization card from any employee who is employed by a Delaware video lottery agent.

Any registration statement filed by an employee organization after the signature of an authorization card but prior to the employee organization's petition for election shall not be subject to disclosure by the Lottery Office to any video lottery agent;

611 b. Every key employee of an employee organization shall be required to register with the office at the
612 same time as the application for registration is filed under subparagraph a. of this paragraph or within 30 days after the date
613 on which such individual is elected, appointed or hired, whichever is later;

614 c. The application for registration by an employee organization or key employee of such employee
615 organization may be denied or registration revoked under the following circumstances:

616 1. If such employee organization or key employee of such employee organization is in violation of
617 standards established under the Labor-Management Reporting and Disclosure Procedure Prohibition Against Certain
618 Persons Holding Office, 29 U.S.C 504(a);

619 2. The applicant's competence, honesty or integrity pose a threat to the public interest of the State
620 or to the reputation of or effective regulation and control of the lottery based on the applicant's associations or by virtue of
621 the fact that the applicant has been convicted of a felony crime of moral turpitude or has been arrested for an act
622 constituting racketeering under § 1502(9)a., b.2. or b.4. through 10. of Title 11 within 10 years prior to applying for
623 registration hereunder or at any time thereafter. Any employee or employee organization denied registration based on an
624 arrest for an act constituting racketeering under § 1502(9)a., b.2. or b.4. through 10. of Title 11 may apply for
625 reconsideration of registration if subsequently acquitted or a nolle prosequi is entered or the charge is otherwise dismissed.
626 In such instances, the Lottery Office shall reconsider the applicant's registration based on the criteria previously set forth in
627 this subsection;

628 3. The organization or individual has knowingly made or caused to be made any written statement
629 to any representative of the office or the Delaware State Police or any oral response to an official inquiry by the office, its
630 employees or agents which was at the time and in light of circumstances under which it was made false or misleading;

631 4. The organization or key employee thereof holds or obtains a direct financial interest in any
632 video lottery agent, provided the employee organization is provided a 30-day period to divest of any such direct financial
633 interest.

634 The Delaware State Police shall conduct the background checks required by this paragraph. The failure of
635 any key employee to satisfy the requirements of paragraph (a)(24)c.1. through 4. of this section may constitute grounds for
636 suspension of the registration of the employee organization if the organization does not remove the key employee from the
637 key employee's duties as defined in § 4803(m) of this title. The employee organization will be given a reasonable
638 opportunity to remove or replace any key employee found to be in violation of paragraph (a)(24)c.1. through 4. of this
639 section;

d. All registration statements filed under this paragraph shall be valid for a 1-year period and a renewed registration form or an updated supplemental registration form must be filed annually. The entity or individual filing such form is under a continuing duty to promptly notify the Director of any changes in disclosed information;

e. The Secretary of Finance shall, within a reasonable time, if requested by the Director, appoint a hearing officer to determine whether the application for registration shall be denied or the registration suspended or revoked. The hearing officer shall be required to hold a hearing in conformance with the requirements of § 10131 of this title. In any hearing, the Delaware Uniform Rules of Evidence shall be in effect. The denial of an application of registration or the suspension or revocation of a registration shall be bound by the provisions of §§ 10133 and 10134 of this title. The hearing officer's decision to deny an application of registration or to suspend or revoke a registration shall be appealable to the Superior Court under the Delaware Administrative Procedures Act (Chapter 101 of this title). All applications for registration shall be deemed approved unless the Director notifies the applicant within 60 days of his or her decision not to approve and to appoint a hearing officer under this paragraph, or unless extenuating circumstances require a longer period, in which case the Director shall act with all deliberate speed to complete the process. Any employee organization may continue to provide services to employees of a Delaware video lottery agent during the review of the application process and the appeal process, except where the employee organization is found in violation of paragraph (a)(24)c.4. of this section or there has been a previous violation of paragraph (a)(24)c.1. through 3. of this section by the employee organization within the previous 10 years;

f. Information requested in the application of registration provided for under this paragraph shall be adopted as part of the office's official rules and regulations upon notice and opportunity for a hearing under the Delaware Administrative Procedures Act [Chapter 101 of this title];

(25) The Director shall adopt procedures under the Delaware Administrative Procedures Act [Chapter 101 of this title] for employment investigations of the honesty, integrity, reputation and associations of office employees in order to determine that the employee's employment does not pose a threat to the public interest of the State or the integrity of the office. The procedures and any rules and regulations shall require any person seeking employment for compensation with the office for a position which has direct access to lottery ticket sales agents, video lottery agents, sports lottery agents, or vendors to submit his or her fingerprints and other relevant information in order to obtain the individual's entire federal and state criminal history record. The Delaware State Police shall conduct the investigations required under such rules and regulations. The rules and regulations shall require new employees to submit fingerprints for purposes of the state and federal criminal history checks;

(26) Type and number of sports lottery games to be conducted, the location and licensure of facilities where the sports lottery be conducted pursuant to § 4825 of this title, the price or prices for any sports lottery games, the rules for any sports lottery games, and the payout and manner of compensation to be paid to winners of sports lottery games;

(27) Type and number of table games to be conducted, the price or prices for any table games, the rules for any table games, the payout and manner of compensation to be paid to winners of table games, and the minimum and maximum wagers for any table games;

(28) The licensure and location of facilities where keno games may be conducted, the price or prices for any keno games, the rules for any keno games, and the payout and manner of compensation to be paid to winners of keno games;

(29) The regulations and procedures for the display and presentation of messages concerning responsible gaming and the regulations, procedures and training for identification of and assistance to compulsive gamblers;

(30) The provision of complimentary services, gifts, transportation, cash, food, nonalcoholic beverages, entertainment or any other thing of value by a lottery agent to a guest;

(31) The procedures for the review and evaluation of licensing applications, including the forms of applications, procedures for fingerprinting and other means of identification, procedures for hearings, and grounds and procedures for the approval, denial, revocation or suspension of a license;

(32) Procedures relating to internal management controls of video lottery agents, including accounting controls and employee and supervisory organizational charts and responsibilities;

(33) Standards for the manufacture, sale, distribution, maintenance, repair, and servicing of video lottery machines and table game equipment; and

(34) Standards for the conduct of the Internet lottery in accordance with this chapter.

(b) The Director shall also have the power and it shall be the Director's duty to:

(1) Appoint such deputy directors as may be required to carry out the functions and duties of the office. Each deputy director shall have had 3 years management experience in areas pertinent to the prospective responsibilities and an additional 3 years of experience in the same field.

(2) Within the limit of the funds made available in § 3 of 59 Del. Laws, c. 348, and proceeding from the sale of lottery tickets and generated by the operations of video lottery agents, appoint such professional, technical, and clerical assistants and employees as may be necessary to perform the duties imposed upon the office by this subchapter.

(3) In accordance with this subchapter, license as agents to sell lottery tickets persons who will best serve, by location or accessibility, the public convenience and promote the sale of lottery tickets. The Director may require a bond

699 from every agent so licensed in such amount as the Director deems necessary. Every licensed agent shall prominently
700 display the agent's license or a copy thereof.

701 (4) Enter into contracts for the operation of any game or part thereof and into contracts for the promotion of the
702 game or games. This authorization is to be construed to include, but not be limited to, contracting with any racing or other
703 sporting association to conduct sporting events within any racetrack or sports field in the State, the outcome of which shall
704 determine the winners of a state game or, as an alternative, to affiliate the determination of the winners of a game with any
705 racing or sporting event held within or without the State, and, including agreements with other state, provincial or
706 international lotteries for participation in lottery games. All contracts for other than professional services in an amount
707 greater than \$2,000 shall be awarded to the lowest responsible bidder in the manner prescribed by state bidding laws. No
708 contract awarded or entered into by the Director may be assigned by the holder thereof except by specific approval of the
709 Director.

710 (5) Make arrangements for any person or organization, including banks, to perform such functions, activities or
711 services in connection with the operation of the system as the Director may deem advisable.

712 (6) Suspend or revoke any license issued pursuant to this subchapter or the rules and regulations promulgated
713 hereunder.

714 (7) Certify and report monthly to the State Treasurer the total lottery revenues, prize disbursements and other
715 expenses for the preceding month, and to make an annual report to the Governor and the General Assembly, which report
716 shall include a full and complete statement of revenues, prize disbursements and other expenses and recommendations for
717 such changes in this subchapter as the Director deems necessary or desirable.

718 (8) Report immediately to the Governor and members of the General Assembly any matters which shall require
719 immediate changes in the laws of the State in order to prevent abuses and evasions of this subchapter or the rules and
720 regulations promulgated hereunder or to rectify undesirable conditions in connection with the administration or operation of
721 the gaming system. Such a report shall be disclosed to the public immediately upon issuance.

722 (9) Carry on a continuous study and investigation of the system:

723 a. For the purpose of ascertaining any defects in this subchapter or in the rules and regulations issued
724 hereunder by reason whereof any abuses in the administration and operation of the lottery or any evasion of this subchapter
725 or the rules and regulations may arise or be practiced;

726 b. For the purpose of formulating recommendations for changes in this subchapter and the rules and
727 regulations promulgated hereunder to prevent such abuses and evasions;

c. To guard against the use of this subchapter to benefit organized gambling and crime or criminals in any manner whatsoever; and

d. To insure that this law and the rules and regulations shall be in such form and be so administered as to serve the true purpose of this subchapter.

(10) Make a continuous study and investigation of:

a. The operation and administration of similar laws which may be in effect in other states and countries;

b. Any literature on the subject which from time to time may be published or available;

c. Any federal laws which may affect the operation of the lottery; and

d. The reaction of Delaware citizens to existing and potential features of the games with a view to recommending or effecting changes that will tend to serve the purposes of this subchapter.

(11) Make available to the State Auditor or the State Auditor's representative such information as may be required to perform an annual audit as prescribed in Chapter 29 of this title.

(12) Establish state-operated sales offices, without limit as to number or location, as the Director shall deem suitable and economical in order to make lottery tickets more available to the public, which offices shall be operated solely from funds generated by the lotteries permitted by this subchapter.

(13) License as video lottery agents each person, corporation or association which is either selected as a video lottery casino pursuant to section 4819(a)(2) of this Title, or which, in 1993, held either a horse racing meet pursuant to Title 3 or Title 28 or a harness horse racing meet pursuant to Title 3, provided that such person, corporation or association satisfies such fitness and background standards as the Director may promulgate pursuant to subsection (a)(16) of this section. ~~License as video lottery agents each person, corporation or association which, in 1993, held either a horse racing meet pursuant to Title 3 or Title 28 or a harness horse racing meet pursuant to Title 3 and who satisfies such fitness and background standards as the Director may promulgate pursuant to subsection (a)(16) of this section.~~ In the event that there shall have been or shall be a change of ownership or such person, corporation or association after the close of the 1993 racing meet then the issuance by the Director of a license to serve as a video lottery agent shall be conditioned upon the Director's determination that such person, corporation or association shall have met the requirements of § 4806(a)(1)-(4) and (b) of this title and satisfies such fitness and background standards as the Director may promulgate pursuant to subsection (a)(16) of this section. Change of ownership occurring after the Director has issued a license shall automatically terminate the license 90 days thereafter unless the Director has determined after application to issue a license to the new owner(s) because the new owner(s) have met the requirements of § 4806(a)(1)-(4) and (b) of this title and satisfied such fitness and background standards as the Director may promulgate pursuant to subsection (a)(16) of this section. Any license

758 granted pursuant to this subsection is a privilege personal to the video lottery agent and is not a legal right. A license
759 granted or renewed pursuant to this subsection may not be transferred or assigned to another person, nor may a license be
760 pledged as collateral. For purposes of this subsection, "a change of ownership" shall have occurred if more than 20 percent
761 of the legal or beneficial interests in such person, corporation or association shall be transferred, whether by direct or
762 indirect means.

763 (14) Whenever the Director deems necessary, examine all accounts, bank accounts, financial statements and
764 records of the licensee in a licensee's possession or under its control in which it has an interest and the licensee must
765 authorize all 3rd parties, including parents, subsidiaries or related entities, in possession or control of the accounts or
766 records of the licensee to allow examination of any of those accounts or records by the Director. None of the information
767 disclosed pursuant to this subsection shall be subject to disclosure under the Freedom of Information Act, §§ 10001-10005
768 of this title.

769 (15) Subpoena witnesses and compel the production of books, papers and documents of a licensee in connection
770 with any hearings of the Director and may administer oaths or affirmations to the witnesses whenever, in the judgment of
771 the Director, it may be necessary for the effectual discharge of duties.

772 If any person refuses to obey any subpoena or to testify or to produce any books, papers or documents, then the
773 Director may apply to the Superior Court of the county in which the Director may be sitting and, thereupon, the Court shall
774 issue its subpoena requiring the person to appear and testify or to produce the books, papers and documents before the
775 Director. Whoever fails to obey or refuses to obey a subpoena of the Superior Court shall be guilty of contempt of court and
776 shall be punished accordingly. False swearing on the part of any witness shall be deemed perjury and shall be punished as
777 such.

778 (16) Bar, pursuant to §§ 4834 and 4835 of this title, any person from entering the premises of a lottery agent or
779 from participating in any capacity in the play of any table game, sports lottery game, video lottery game, or Internet lottery
780 game, and, as applicable, procure such assistance from lottery agents as is appropriate to enforce any such bar.

781 (17) Impose reasonable fees, as set by the Director and payable to the Office, upon applicants for licenses
782 pursuant to §§ 4828 and 4829 of this title for the conduct of the review and investigation of the applicant, such fees to
783 approximate and reasonably reflect all costs necessary to defray the expenses of the lottery and Division of Gaming
784 Enforcement.

785 (18) Require video lottery agents to submit regular internal control submissions, which shall contain a narrative
786 description of the internal control system to be utilized by the video lottery facility, including, but not limited to:

- a. Accounting controls, including the standardization of forms and definition of terms to be utilized in the gaming;
- b. Procedures, forms and, where appropriate, formulas covering the calculation of hold percentages; revenue drop; expense and overhead schedules; complimentary services;
- c. Job descriptions and the system of personnel and chain-of-command, establishing a diversity of responsibility among employees engaged in gaming operations and identifying primary and secondary supervisory oversight responsibilities; and personnel practices;
- d. Procedures within the cashier's cage for the receipt, storage and disbursal of chips, cash, and other cash equivalents used in wagering; the cashing of checks; the redemption of chips and other cash equivalents used in gaming;
- e. Procedures for the collection and security of moneys at the gaming tables;
- f. Procedures for the transfer and recordation of chips between the gaming tables and the cashier's cage and the transfer and recordation of moneys within the facility;
- g. Procedures for the transfer of moneys from the gaming tables to the counting process and the transfer of moneys within the facility for the counting process;
- h. Procedures and security for the counting and recordation of table game revenue;
- i. Procedures and security standards for the handling and storage of gaming apparatus, including cards, dice, machines, wheels and all other gaming equipment;
- j. Procedures and rules governing the conduct of particular games and the responsibility of casino personnel in respect thereto;
- k. Procedures for the security, storage and recording of cash, chips, and cash equivalents utilized in gaming operations.

(19) Make Internet lottery games available at such websites and in such a manner as determined by the Office in accordance with this chapter, and utilizing technology to ensure that players are legally eligible to engage in such gaming.

(c) The licenses granted pursuant to paragraph (b)(13) of this section or § 4825 of this title may be revoked or suspended for cause upon 30 days' written notice to the licensee or due to a change in ownership as set forth in those provisions, but shall otherwise not be subject to expiration or termination. "Cause" shall by way of example and not by limitation include falsifying any application for license or report required by the rules and regulations, the failure to report any information required by the rules and regulations, the material violation of any rules and regulations promulgated by the Director or any conduct by the licensee which undermines the public confidence in the video lottery system or serves the interest of organized gambling or crime and criminals in any manner. A license may be revoked for an unintentional

violation of any federal, state or local law, rule or regulation provided that the violation is not cured within a reasonable time as determined by the Director; or a longer period where the video lottery agent has made diligent efforts to cure. The Secretary of Finance shall within a reasonable time, if requested, appoint a hearing officer to hold a hearing to determine whether the license should be revoked or suspended. The hearing officer's decision revoking or suspending the license shall be appealable to the Superior Court under the provisions of the Administrative Procedures Act [Chapter 101 of this title]. Any decision of the Director relating to the business plan or the number of video lottery machines to be awarded to licensees under § 4820(b) of this title shall be appealable under the Administrative Procedures Act in the manner of a case decision. Notwithstanding the foregoing, nothing in this subsection shall otherwise prohibit the termination or revocation of a license in accordance with the rules and regulations adopted hereunder.

Section 4. Amend § 4819, Title 29 of the Delaware Code by making insertions as shown by underlining and deletions as shown by strikethrough as follows:

§ 4819. Restrictions on location and use of video lottery and sports lottery machines; fees.

(1) (a) Video lottery machines and table game equipment shall only be located within the confines of an existing racetrack property in this State on which was conducted in 1993 either a horse racing meet pursuant to Title 3 or Title 28 or a harness horse racing meet pursuant to Title 3 and/or such immediately adjacent property or properties that are owned by, or immediately adjacent properties that may be acquired by, the video lottery licensee authorized to conduct such horse racing or harness racing; ~~and provided further, that video lottery machines, sports lottery machines and table game equipment shall not be located in a hotel, motel or other overnight sleeping facility.~~

(b) In respect of any pari-mutuel harness racing or pari-mutuel horse racing property the racing operations on which are lawful under any county or municipal zoning ordinance ~~were lawful under any county or municipal zoning ordinance as of January 1, 1993,~~ the use of video lottery machines pursuant to the provisions of this act on such property and/or on any immediately adjacent property or properties that are owned by, or immediately adjacent properties that may be acquired by, the video lottery licensee authorized to conduct such horse racing or harness racing shall not be deemed to change the character of such lawful land use and such use of video lottery machines shall not be prohibited by any such county or municipal zoning ordinance, including amendments thereto.

(c) Video lottery machines and sports lottery machines shall be connected to the lottery's central computer system, except when used for promotional tournaments in which players are not required to pay any fee to participate, and shall not be available for play on Christmas, or after 4:00 a.m. on Easter. Subject to the foregoing, the specific hours of operation for each video lottery agent are subject to the recommendation of the Lottery Director and the approval of the Secretary of Finance.

(d)(1) For the privilege of hosting the operation of table games, the State shall collect from the video lottery agents for the benefit of the General Fund, for each fiscal year after June 30, 2011, license fees totaling \$13,250,000, to be paid no later than June 1 of the preceding fiscal year, and to be allocated among the video lottery agents offering table games as follows: Each video lottery agent's license fee shall be the portion of \$13,250,000 that is equal to the percentage of gross table game revenue generated at that video lottery facility in the preceding fiscal year out of the total gross table game revenue generated at all video lottery facilities in the preceding fiscal year.

(2) Each video lottery agent shall be permitted for purposes of this subsection to reduce the license fee it would otherwise owe for that year pursuant to paragraph (d)(1) of this section by the amount of qualified investments, up to a cap of \$10,250,000 for all video lottery agents, made in the 12-month period ending on June 30 by the video lottery agent in the competitiveness of its facilities and business. The video lottery agents shall provide the Director annually an accounting of the qualified investments made pursuant to this paragraph. A qualified investment pursuant to this paragraph shall be determined by the Director to benefit the competitiveness or services of such video lottery agent and may include:

a. Amounts paid out for new or enhanced buildings or permanent improvements or betterments to video lottery facilities or immediately adjacent property or properties that are owned by video lottery licensees that would not be deductible for purposes of § 263(a)(1) of the Internal Revenue Code (26 U.S.C. § 263(a)(1)), or amounts paid out to service debt incurred in the construction of buildings or permanent improvements or betterments; or

b. Expenditures for marketing of lottery games and promotion items provided to patrons, all as determined by the Office to be in excess of the comparable amount of such expenditures made by the video lottery agent during the 12-month period ending June 30, 2012, measured as a percentage of the proceeds from the operation of the video lottery and table games.

(2) (a) Notwithstanding the provisions of § 4819(1), video lottery machines, sports lottery machines and table game equipment may be located within the confines of two (2) video lottery casinos, one (1) of which shall be located within New Castle County and one (1) of which shall be located within Sussex County, the precise location of such video lottery casinos is to be determined through a competitive process by the Lottery Economic Development Committee in accordance with this section.

(b) A Lottery Economic Development Committee (the "Committee") is hereby established for the sole purpose of selecting the locations and awarding the licenses for the operation of video lottery casinos. The Committee shall be comprised of nine members. The minimum qualifications for appointment to the Committee shall be 10 years' experience in business, government, or education in the areas of finance, accounting, or banking. Three members, no more than two of whom may be from the same political party, shall be appointed by the Governor. Three members, no more than two of

whom may be from the same political party, shall be appointed by the President Pro Tempore of the Senate. Three members, no more than two of whom may be from the same political party, shall be appointed by the Speaker of the House of Representatives. The members of the Committee shall be appointed within 30 days of the enactment of this paragraph. The Chairperson shall be selected by the Governor from among the Committee's members.

(c) The Committee shall select, in separate processes, one location in New Castle County and one location in Sussex County for a video lottery casino from applications for licensure subject to, and in accordance with, the provisions of this section. The Committee shall make its form of application available no later than 30 days after enactment of this Act, and applications must be submitted to the Committee at the location and date specified by the Chairperson, but no sooner than 90 days and no later than 120 after applications are made available. All applications shall be considered by the Committee and the video lottery casino site shall be preliminarily designated by majority vote of the Committee from among applications meeting the minimum qualifications within 60 days after the deadline for receipt of applications. If no applicant receives a majority vote of the Committee, then the Committee shall re-vote until such time as an application receives a majority vote. The Committee shall determine its procedures.

(d) An application shall be in the form and manner required by the Committee, but shall include, without limitation, the following:

i. General business information

a. Name and form of business of the applicant;

b. Name, address, and photograph of the following:

1. Owners;

2. Directors (if a corporation, LLC, or other entity with directors or managing members); and

3. Key employees; and

c. Current Delaware business license

ii. Financial information:

a. Such personal and financial history information for owner and investors, to be determined by the Committee, as is necessary for the Committee to review the financial fitness of each applicant and for the Division of Gaming Enforcement to review the background of each applicant to at least the standards of a key employee;

b. A business plan for the project, in sufficient detail, including the timing of all estimates, which would allow such calculations as net present value of the income stream, and

907 for further evaluation based on the criteria of subsection (f) hereof, and which shall include,
908 without limitation, the following:

909 1. Lottery Revenue – amount played / amount won / net proceeds, including the
910 projection of the impact of the proposed new facility on existing video lottery casinos;

911 2. Number of employees and gross wages of employees for those directly employed in
912 the lottery revenue business;

913 3. Number of employees and gross wages of employees for those employed in non-
914 lottery revenue business;

915 4. Gross amount to be paid by the applicant to contractors and others to design,
916 construct, furnish, and otherwise prepare for operation, the Casino and related structures and
917 businesses; and,

918 5. Such other information as the Committee deems necessary for evaluation to meet the
919 criteria, as further remunerated below, for the issuance of a video lottery casino license. The
920 Division of Gaming Enforcement shall conduct a background review of each applicant and each
921 of the applicant's identified owners, investors, and proposed actual or potential managerial
922 employees to the standard of a key employee, and the results of that review shall be made
923 available to the Committee but shall otherwise remain confidential pursuant to section 4830 of
924 this Title.

925 (e) The Committee shall also develop and implement minimum
926 qualifications for applicants, which qualifications shall include but not be limited to the ownership of, a leasehold for, or
927 right to acquire such interests in, the proposed property location, financing commitments for the development of the
928 proposed property location, and a lack of insuperable barriers to eventual approval of the development plan by government
929 authorities. The Committee shall not further consider those applicants that it determines by majority vote fail to meet the
930 minimum qualifications.

931 (f) Applicants meeting the minimum qualifications of the Committee shall be evaluated for the potential
932 award of a license by the Committee, in separate proceedings for New Castle County and Sussex County. In considering
933 the application, the Committee shall, at all times, take into account the reasonableness of all estimates and of the financial
934 viability of the applicant to meet their business plan objectives. The Committee may, at its discretion, require additional
935 data from an applicant to validate underlying economic assumptions, and may, at its discretion, recalculate an applicant's
936 projections using equal underlying assumptions as determined by the Committee. The comparison of the applicant's

business plans and the economic benefit to the State shall be based on generally accepted financial analysis methodologies, such as net present value. The selection of the licensee shall be based on the following criteria:

1. The State share of video lottery net proceeds, net of projected decreases in the State share from current video lottery casinos generated by the new video lottery casino;

2. The estimated personal income tax revenue to the State from wages earned by temporary, permanent, full-time, and part-time employees of the video lottery casino and its related businesses;

3. The financial and economic cost to the State for infrastructure and other expenditures to facilitate the design, construction, and operation of the video lottery casino and related businesses;

4. The financial and economic impact on the communities surrounding the proposed project; and

5. The percentage of project expenditures and ongoing expenditures including salaries and wages going to Delaware businesses and residents.

(g) The applicant receiving a majority vote shall be awarded a temporary license as a video lottery casino, and that temporary license shall authorize and entitle the recipient to take possession of fifty percent (50%) of the table game equipment, sports lottery machines, and video lottery machines as if a video lottery agent under section 4833 of this Title, to make internal control submissions required by the Office, and to exercise such other rights and obligations of a video lottery agent only as expressly permitted by the Office, but which shall not authorize or entitle the temporary licensee to exercise the complete rights and obligations of a video lottery agent until a permanent license is awarded. Operation of the video lottery casino under the temporary license must begin within 12 months from the issuance of the temporary license. The Committee may, at its discretion, upon the request of the applicant, extend this period by up to 3 months with a corresponding decrease in the number of table game equipment, sports lottery machines, and video lottery machines authorized under the temporary license of 5 percent (5%) per month of extension. The term of this temporary license shall not exceed 36 months. The applicant shall apply to the Delaware Lottery Office for a permanent license no later than 60 days prior to the expiration of the temporary license. The Delaware Lottery Office shall request of the Committee a determination of whether to award the permanent license to operate as a video lottery casino, such decision to be based on the applicant's substantial compliance with the terms of the application and the completion of the permanent video lottery casino facility. Should the Committee revoke its prior selection based on non-compliance with the applicant's business plan, the Committee shall initiate a new selection process in accordance with the terms of this

966 | section, such process to begin with applications to be filed no sooner than 60 days and no later than 90 days after a decision
967 | not to grant a permanent license.

968 | (h) The decision(s) of the Committee shall be final and unappealable.

969 | Section 5. Amend § 4820, Title 29 of the Delaware Code by making insertions as shown by underlining and
970 | deletions as shown by strikethrough as follows:

971 | § 4820. Rights and obligations of Director and video lottery agent relating to video lottery machines, sports lottery
972 | machines and table game equipment.

973 | (a) All video lottery machines, sports lottery machines and table game equipment shall be at all times subject to state
974 | control and the use of any such video lottery machines, sports lottery machines and table game equipment shall occur only
975 | with the approval of the Office. All video lottery machines and sports lottery machines shall be owned or leased by the
976 | State and shall be obtained from manufacturers licensed under § 4805(a)(17) of this title. All video lottery machines and
977 | sports lottery machines shall be leased or purchased under the procedures set forth in Chapter 69 of this title. All table game
978 | equipment shall be leased, purchased or used by a video lottery agent only upon the approval of the Office and from
979 | manufacturers licensed under § 4805(a)(17) of this title. Any video lottery agent must file with the Director a copy of any
980 | current or proposed agreement or disclose any other relationship between the agent, its parents, subsidiaries, related entities,
981 | directors, officers or key employees for the sale, lease, maintenance, repair or other assignment to the agent's facility of
982 | video lottery machines, sports lottery machines and table game equipment, or any other relationship with any vendor,
983 | manufacturer or other party which stands to benefit financially from the possession or use of video lottery machines, sports
984 | lottery machines or table game equipment by such agent. Failure to file such information shall constitute grounds for the
985 | revocation or suspension of a license. The lottery may own or lease video lottery machines pursuant to this subsection that
986 | require the payment of an additional license or proprietary fees and the number of such license or proprietary fee machines
987 | at any licensed video lottery agent may not exceed more than 5% of the total number of video lottery machines at the
988 | licensed racetrack property or video lottery casino unless the Director finds that an additional number of such machines are
989 | necessary to increase revenues, will not produce reductions in the overall net proceeds from the lottery, will protect the
990 | public welfare, and will ensure the security of the video lottery.

991 | (b)(1) Upon submission by a video lottery agent of a proposed plan for the lease or purchase of video lottery machines
992 | in accordance with procedures to be established by the Director, the Lottery Director shall lease or purchase the number,
993 | type and kind of video lottery machines necessary for the efficient and economical operation of the lottery, or the
994 | convenience of the players and in accordance with the plan of the licensee, provided that no more than 2,500 video lottery
995 | machines shall be located within the confines of a racetrack property or video lottery casino unless the Director

recommends up to an additional 1,500 for each racetrack property [or video lottery casino](#), and further provided that the Director may recommend the amendment of such plan where the Director finds that such amendments are necessary to increase revenues, provided such amendments do not produce reductions in the overall net proceeds from the video lottery, protect the public welfare or ensure the security of the video lottery, provided that the maximum number of video lottery machines under this subsection shall not include video lottery machines at each racetrack [or video lottery casino](#) used exclusively for promotional tournaments in which players are not required to pay any fee to participate. Such recommendations by the Lottery Director are subject to the approval of the Secretary of Finance. No more than 30 promotional tournament machines are permissible at each racetrack [or video lottery casino](#). The Director's lease or purchase of video lottery machines under this subsection shall be pursuant to the procedures used for procurement under §§ 6981 and 6982 of this title.

(2) No refund of license fees shall be payable for any unexpired term of a license.

(c) Upon submission by a video lottery agent of a proposed plan for the lease or purchase of sports lottery machines in accordance with procedures to be established by the Director, the Lottery Director shall lease or purchase the number, type and kind of sports lottery machines necessary for the efficient and economical operation of the lottery, or the convenience of the players, and in accordance with the plan of the licensee, provided that the Director may recommend the amendment of such plan where the Director finds that such amendments are necessary to increase revenues, protect the public welfare or ensure the security of the video lottery. The Director's lease or purchase of sports lottery machines under this subsection shall be pursuant to the procedures used for procurement under Chapter 69 of this title.

(d) Each video lottery agent shall be responsible for the security and safekeeping of the video lottery machines, sports lottery machines and table game equipment of which it has physical custody.

(e) The Director shall contract with an independent laboratory, which shall be licensed as a service company, to test video lottery machines, sports lottery machines and table game equipment and related equipment on a periodic basis to ensure that the machines and equipment comply with the requirements of this chapter and any other applicable standards and regulations. The manufacturer, vendor or lessor of such machines and equipment shall pay all costs associated with such testing.

(f) Each video lottery agent shall hold the Director and this State harmless from and defend and pay for the defense of any and all claims which may be asserted against the Director, the State or the employees thereof, arising from the participation in the games at a video lottery facility; specifically excluding, however, any claims arising from the negligence or wilful misconduct of the Director, the State or the employees thereof.

(g) Each video lottery agent shall provide access to all records of the licensee and the physical premises of the business or businesses where the agent's lottery activities occur for the purpose of monitoring or inspecting the agent's activities and the lottery games, machines and associated equipment. None of the information disclosed pursuant to this subsection shall be subject to disclosure under the Freedom of Information Act, §§ 10001-10005 of this title.

(h) Prior to commencing the operations of any table game in a gaming area, a video lottery agent shall submit to the Office for its approval a detailed floor plan depicting the location of the gaming area in which table game equipment will be located, the proposed arrangement of the table game equipment, and sufficient area to be used by the Office and Division of Gaming Enforcement for their operations at the video lottery facility. Within 30 days, the Office shall approve such plans that satisfy the rules and regulations promulgated by the Office and shall deny such other plans. Amendments to an approved floor plan shall be submitted to the Office for its approval, and the Office shall, within 15 days, approve such amendments that satisfy the rules and regulations promulgated by the Office and shall deny such other plans.

Section 6. Amend § 4822, Title 29 of the Delaware Code by making insertions as shown by underlining and deletions as shown by strikethrough as follows:

§ 4822. Annual crime report.

The State Lottery Office, with the assistance of the Attorney General's Office and the State Bureau of Identification, shall annually provide to the General Assembly a report detailing the crimes that occur within the communities surrounding each racetrack property or video lottery casino, including an analysis of crimes relating to table gaming, whether in or outside the property of a video lottery facility.

Section 7. Amend § 10048, Title 3 of the Delaware Code by making insertions as shown by underlining and deletions as shown by strikethrough as follows:

§ 10048. Restrictions on licensee acting as video lottery agent.

During any calendar year in which a licensee under this chapter has also been licensed by the Director of the State Lottery Office to maintain video lottery machines within the confines of a racetrack licensed under this chapter, the following rules shall apply:

(1) a. As to each racetrack so licensed by the Director of the State Lottery Office, the licensee shall, at a minimum, subject to the availability of racing stock, force majeure, casualty, and other circumstances beyond the reasonable control of the licensee, conduct live harness horse races on:

1. At least 12080 days if the licensee conducted more than 40 days of live harness horse races during 1992, or

2. At least ~~10060~~ days if the licensee conducted 40 or fewer days of live harness horse races during 1992.

3. A licensee that was not in existence, or did not conduct live harness racing, during 1992 shall, at a minimum, conduct live harness horse races on at least: (i) 35 days for the first 3 years it is licensed by the Director of the State Lottery Office to maintain video lottery machines within the confines of a racetrack licensed under this chapter; and (ii) for each year thereafter, for the average number of days that live harness racing was conducted by all licensees licensed by the Director of the State Lottery Office to maintain video lottery machines within the confines of a racetrack licensed under this chapter during the preceding year; provided, however, that licensees who conducted live harness horse races during 1992 shall be entitled, upon written notice to the Delaware Harness Racing Commission, to reduce the number of minimum days of live harness racing required under subsections (1)a.1. and (1)a.2. hereof by the number of concurrent racing dates said licensee has with such newly-built racetrack.

b. The obligation set forth in ~~subsection paragraph~~ a. of this ~~sub~~section to increase the number of days upon which live harness horse races must be conducted shall be contingent upon:

1. The licensee receiving the necessary approvals from the Commission and any approvals required from the contracted horsemen's association to conduct year-round inbound and outbound simulcasting, and

2. The licensees continuing to be licensed under Chapter 48 of Title 29 as a video lottery agent,
and

~~3. No authorization of any increase in the number of video lottery agents.~~

c. Each licensee shall also employ during the live racing operations a minimum of 50 additional employees than the average daily number employed during the most recent racing meet held prior to July 16, 1994. The licensee's continued failure to substantially comply with this requirement after notice from the Director shall be grounds for revocation or suspension of the video lottery agent's license.

(2) An amount calculated pursuant to § 4815(b)(3) of Title 29 shall be added to the purses for the races to be held at the licensee's racetrack. The allocation of said sums among the races to be held at the licensee's racetrack shall be in accordance with contracts currently in force with the Horsemen's Association recognized for purposes related to the allocation of purses, if applicable; provided, that all such sums shall have been allocated no later than the end of the calendar year immediately following the calendar year of receipt of said sums by the licensee.

Section 8. It is the intent of the General Assembly that the video lottery casinos authorized pursuant to this Act shall be subject to a substantially similar license fee currently paid by existing video lottery agents under sections 4815 and

1083 4819 of Title 29, subject to enactment of legislation authorizing the imposition of said fees and contributions. It is also the
1084 intent of the General Assembly that any video lottery casino that does not operate a horse or harness racing track, and
1085 therefore incurs none of the attendant costs, shall be subject to such additional fees that would create a level playing field
1086 for competition with video lottery agents who do have such costs, subject to enactment of legislation authorizing the
1087 imposition of such fees. It is the intent of the General Assembly that the Video Lottery Casinos shall, upon the passage of
1088 appropriate legislation, be subjected to one-time license fees for the temporary and permanent license. The Secretary of
1089 Finance is directed to submit to the General Assembly, within 120 days from enactment of this section, a proposal for the
1090 amendment of this chapter to subject the video lottery casinos to such license fees and contributions.

1091 Section 9. If any provision of this Act or the application thereof to any person or circumstance is held invalid,
1092 such invalidity shall not affect the other provisions or applications of the Act which can be given effect without the invalid
1093 provision or application; and, to that end, the provisions of this Act are declared to be severable.

SYNOPSIS

This Act seeks to create jobs and new sources of revenue for the State of Delaware by, among other means, authorizing the addition of two new video lottery agents, one in Sussex County and one in New Castle County, through an application process conducted by a Lottery Economic Development Committee. This Act creates a nine member, politically-balanced Committee with financial, accounting, or banking experience to select the sites and licensees. This Act also increases the number of required racing days to reflect the current amount of racing, and prevents the addition of video lottery agents from triggering a reduction in the minimum number of days that existing harness tracks must offer harness racing. Finally, this Act also expresses the intent of the General Assembly that the new video lottery casinos will be subject to a one-time license fee and ongoing license fees, as well as such fees as are necessary to create a level playing field for competition with video lottery agents who operate horse racing or harness racing, and directs the Department of Finance to prepare legislation implementing that intent.