First Regular Session Sixty-ninth General Assembly STATE OF COLORADO

PREAMENDED

This Unofficial Version Includes Committee Amendments Not Yet Adopted on Second Reading

LLS NO. 13-0141.01 Jennifer Berman x3286

SENATE BILL 13-173

SENATE SPONSORSHIP

Kerr and Nicholson,

HOUSE SPONSORSHIP

Pabon,

Senate Committees

House Committees

Finance Appropriations

	A BILL FOR AN ACT
101	CONCERNING THE CONTINUATION OF THE DIVISION OF GAMING, AND,
102	IN CONNECTION THEREWITH, IMPLEMENTING THE
103	RECOMMENDATIONS IN THE 2012 SUNSET REPORT BY THE
104	DEPARTMENT OF REGULATORY AGENCIES, AND MAKING AN
105	APPROPRIATION.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at http://www.leg.state.co.us/billsummaries.)

Sunset Process - Senate Finance Committee. The bill

implements the recommendations of the department of regulatory agencies' review of the division of gaming (division) within the department of revenue by:

- ! Continuing the division for 9 years, until 2022;
- ! Amending certain definitions to make it clear that electronic versions of games and gaming equipment are permitted;
- ! Creating a new type of license to be issued to suppliers of equipment used remotely or directly in connection with gaming, including equipment used to monitor, collect, or report gaming transactions data or to calculate adjusted gross proceeds and gaming taxes, and defining terms related to the new type of license;
- ! Redefining "vintage slot machine" to exclude slot machines introduced on the market before 1984 but fitted with component parts manufactured in 1984 or thereafter;
- ! Requiring the Colorado limited gaming control commission (commission) to promulgate rules concerning the conditions under which the division may authorize a retail gaming license applicant to own or possess slot machines;
- ! Permitting the commission to promulgate rules regarding procedures for depositing and accounting for tips or gratuities;
- ! Clarifying that the statute concerning possession of slot machines includes retailers among the persons who may legally possess slot machines; and
- ! Making conforming amendments.

The bill also makes technical changes to portions of the "Colorado Limited Gaming Act", including:

- Removing from the considerations the commission is required to take into account in setting the gaming tax on adjusted gross proceeds of gaming the consideration of other "for-profit" forms of gambling in Colorado;
- ! Allowing a licensee to offer a new game or technology without the commission's prior approval if offering the game or technology in compliance with the commission's rules regarding field trials of new games or technology;
- ! Authorizing the commission to promulgate rules concerning the redemption of chips to replace the requirement that a licensee issue a check to a patron redeeming surrendered chips in any amount over twenty-five dollars; and
- ! Updating the provision concerning limited gaming events sponsored by charitable organizations to reflect the vote at

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local elections held in the cities of Central, Black Hawk, and Cripple Creek in November 2008 to expand the hours of operation for limited gaming.

1 *Be it enacted by the General Assembly of the State of Colorado:* 2 **SECTION 1.** In Colorado Revised Statutes, amend 12-47.1-206 3 as follows: 4 12-47.1-206. Repeal of division - review of functions. Unless 5 continued by the general assembly, this part 2 is repealed, effective July 6 1, 2013 SEPTEMBER 1, 2022, and those powers, duties, and functions of 7 the director specified in this part 2 are abolished. The provisions of 8 section 24-34-104 (5) to (12), C.R.S., concerning a wind-up period, an 9 analysis and evaluation, public hearings, and claims by or against an 10 agency shall apply to the powers, duties, and functions of the director of 11 said THE division. 12 **SECTION 2.** In Colorado Revised Statutes, 12-47.1-103, amend 13 (10), (19), and (26) (b) (I); and **add** (2.3) and (2.5) as follows: 14 **12-47.1-103. Definitions.** As used in this article, unless the 15 context otherwise requires: 16 (2.3) (a) "ASSOCIATED EQUIPMENT" MEANS A DEVICE, PIECE OF 17 EQUIPMENT, OR SYSTEM USED REMOTELY OR DIRECTLY IN CONNECTION 18 WITH GAMING OR ANY GAME. THE TERM INCLUDES A DEVICE, PIECE OF 19 EQUIPMENT, OR SYSTEM USED TO MONITOR, COLLECT, OR REPORT GAMING 20 TRANSACTIONS DATA OR TO CALCULATE ADJUSTED GROSS PROCEEDS AND 21 GAMING TAXES. 22 (b) "ASSOCIATED EQUIPMENT" DOES NOT INCLUDE EQUIPMENT 23 THAT MEETS THE DEFINITION OF A "GAMING DEVICE" OR "GAMING 24 EQUIPMENT" IN SUBSECTION (10) OF THIS SECTION.

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1	(2.5) "ASSOCIATED EQUIPMENT SUPPLIER" MEANS A PERSON WHO
2	IMPORTS, MANUFACTURES, DISTRIBUTES, OR OTHERWISE PROVIDES
3	ASSOCIATED EQUIPMENT FOR USE IN COLORADO. THE TERM DOES NOT
4	INCLUDE A PERSON LICENSED AS A SLOT MACHINE MANUFACTURER OR
5	DISTRIBUTOR UNDER PART 5 OF THIS ARTICLE.
6	(10) "Gaming device" or "gaming equipment" means any
7	equipment or mechanical, electromechanical, or electronic contrivance,
8	component, or machine used remotely or directly in connection with
9	gaming or any game. The term includes a system for processing
10	information which THAT can alter the normal criteria of random selection
11	which affects AFFECTING the operation, of any game or which determines
12	DETERMINING the outcome, of a game. The term includes A PHYSICAL OR
13	ELECTRONIC VERSION OF a slot machine, poker table, blackjack table,
14	craps table, roulette table, dice, and the cards used to play poker and
15	blackjack.
16	(19) "Limited card games and slot machines", "limited gaming",
17	or "gaming" means PHYSICAL AND ELECTRONIC VERSIONS OF slot
18	machines, craps, roulette, and the card games of poker and blackjack
19	which are authorized by this article and defined and regulated by the
20	commission, each game having a maximum single bet of one hundred
21	dollars.
22	(26) (b) "Slot machine" does not include:
23	(I) A vintage slot machine models which were MODEL THAT:
24	(A) Was introduced on the market prior to BEFORE 1984;
25	(B) Does not contain component parts manufactured in
26	1984 OR THEREAFTER; and are
27	(C) Is not used for gambling purposes or in connection with

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1	limited gaming; or
2	SECTION 3. In Colorado Revised Statutes, 12-47.1-501, amend
3	(1) introductory portion; and add (1) (f) as follows:
4	12-47.1-501. Licenses - types - rules. (1) The commission may
5	issue five SIX types of licenses as follows:
6	(f) Associated equipment supplier license. An associated
7	EQUIPMENT SUPPLIER LICENSE IS REQUIRED FOR A PERSON WHO IMPORTS.
8	MANUFACTURES, OR DISTRIBUTES ASSOCIATED EQUIPMENT IN THIS STATE
9	OR WHO OTHERWISE ACTS AS AN ASSOCIATED EQUIPMENT SUPPLIER. SLOT
10	MACHINE MANUFACTURERS OR DISTRIBUTORS WHO ARE LICENSED IN THIS
11	STATE AND WHO IMPORT, MANUFACTURE, OR DISTRIBUTE ASSOCIATED
12	EQUIPMENT NEED NOT OBTAIN A SEPARATE ASSOCIATED EQUIPMENT
13	SUPPLIER LICENSE. EACH LICENSE ISSUED UNDER THIS PARAGRAPH (f)
14	EXPIRES TWO YEARS AFTER THE DATE OF ITS ISSUANCE BUT MAY BE
15	RENEWED UPON THE FILING AND APPROVAL OF AN APPLICATION FOR
16	RENEWAL. THE COMMISSION SHALL PROMULGATE RULES TO ESTABLISH
17	THE FEES FOR AN INITIAL LICENSE AND RENEWAL LICENSES.
18	SECTION 4. In Colorado Revised Statutes, amend 12-47.1-505
19	as follows:
20	12-47.1-505. Operator, slot machine manufacturer or
21	distributor, associated equipment supplier, key employee, support
22	licensee, or retailer - qualifications for licensure. Prior to a person's
23	licensure BEFORE OBTAINING A LICENSE as an operator, slot machine
24	manufacturer or distributor, ASSOCIATED EQUIPMENT SUPPLIER, key
25	employee, support licensee, or retailer, such person shall, in addition to
26	meeting any other requirements imposed by OF this article OR RULES OF
27	the commission, or any rule or regulation promulgated pursuant to this

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article, AN APPLICANT MUST show that he OR SHE is of good moral character. Such person AN APPLICANT has the burden of proving his OR HER qualifications to the satisfaction of the commission. Such person shall THE APPLICANT MUST submit to and pay for any background investigations as may be ordered by the commission MAY ORDER. All such payments shall be deposited into the limited gaming fund CREATED IN SECTION 12-47.1-701. **SECTION 5.** In Colorado Revised Statutes, 12-47.1-525, amend (1) (a) and (1) (b) introductory portion; and **add** (1) (b) (I.5) as follows: 12-47.1-525. Suspension or revocation of license - grounds **penalties.** (1) (a) Any THE COMMISSION MAY REVOKE A license granted pursuant to this article may be revoked for any cause that would have prevented its issuance OF THE LICENSE, including those THE causes set forth in sections 12-47.1-510 and 12-47.1-801. (b) Any THE COMMISSION MAY SUSPEND OR REVOKE A license granted pursuant to this article may be suspended or revoked for any A violation by the licensee or any AN officer, director, agent, member, or employee of a THE licensee, AFTER NOTICE TO THE LICENSEE, THE OPPORTUNITY FOR A HEARING, AND UPON PROOF BY A PREPONDERANCE OF THE EVIDENCE AS DETERMINED BY THE COMMISSION. VIOLATIONS THAT MAY WARRANT LICENSE SUSPENSION OR REVOCATION INCLUDE VIOLATIONS of this article, any rule promulgated by the commission, any provision of part 6 of article 35 of title 24, C.R.S., or any rule promulgated by the executive director of the department of revenue pursuant to section 24-35-607 (3), C.R.S., or for conviction of a crime. after notice to the licensee and a hearing upon proof by a preponderance

of the evidence as determined by the commission. In addition to

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1	revocation or suspension, or in lieu of revocation or suspension, the
2	commission may impose a reprimand or a monetary penalty not to exceed
3	the following amounts:
4	(I.5) IF THE LICENSEE IS AN ASSOCIATED EQUIPMENT SUPPLIER,
5	THE AMOUNT OF TWENTY-FIVE THOUSAND DOLLARS;
6	SECTION 6. In Colorado Revised Statutes, 12-47.1-601, amend
7	(1) introductory portion and (1) (d) as follows:
8	12-47.1-601. Gaming tax. (1) There is hereby imposed a gaming
9	tax on the adjusted gross proceeds of gaming allowed by this article. The
10	tax shall be IS set by rule AS promulgated by the commission. In no event
11	THE COMMISSION shall NOT SET the tax exceed AT MORE THAN forty
12	percent of the adjusted gross proceeds. In setting the tax rate, the
13	commission shall consider the need to provide moneys to the cities of
14	Central, Black Hawk, and Cripple Creek for historic restoration and
15	preservation; the impact on the communities and any state agency,
16	including but not limited to, infrastructure, law enforcement,
17	environment, public health and safety, education requirements, human
18	services, and other components due to limited gaming; the impact on
19	licensees and the profitability of their operations; the profitability of the
20	other "for-profit" forms of gambling in this state; the profitability of
21	similar forms of gambling in other states; and the expenses of the
22	commission and the division for their administration and operation. The
23	commission shall also consider the following:
24	(d) IN SETTING the amount, THE COMMISSION shall take into
25	account profit levels after expenses of other "for profit" gaming in
26	Colorado and similar forms of gaming in other states;
27	SECTION 7. In Colorado Revised Statutes, 12-47.1-818, amend

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1	(2) as follows:
2	12-47.1-818. Approval of rules for certain games. (2) $\frac{1}{1}$ No A
3	licensee shall NOT offer poker, blackjack, craps, or roulette, or any
4	variation game thereof OF POKER, BLACKJACK, CRAPS, OR ROULETTE,
5	without prior approval of the game by the commission, EXCEPT AS
6	SPECIFICALLY AUTHORIZED IN THE COMMISSION'S RULES REGARDING FIELD
7	TRIALS OF NEW GAMES OR TECHNOLOGY.
8	SECTION 8. In Colorado Revised Statutes, amend 12-47.1-819
9	as follows:
10	12-47.1-819. Exchange - redemption of chips - unlawful acts.
11	It is unlawful for any A person to exchange or redeem chips for anything
12	whatsoever, except currency, negotiable personal checks, negotiable
13	counter checks, or other chips. A licensee shall, upon the request of any
14	A person, redeem that THE licensee's gaming chips surrendered by that
15	person in any amount over twenty-five dollars with a check drawn upon
16	the licensee's account at any banking institution in this state and made
17	payable to that person PURSUANT TO RULES ESTABLISHED BY THE
18	COMMISSION.
19	SECTION 9. In Colorado Revised Statutes, amend 12-47.1-820
20	as follows:
21	12-47.1-820. Persons in supervisory positions - unlawful acts
22	- rules. It is unlawful for any A dealer, floorman FLOORPERSON, or any
23	other OTHER employee who serves in a supervisory position to solicit or
24	accept any A tip or gratuity from any A player or patron at the premises
25	LICENSED GAMING ESTABLISHMENT where he OR SHE is employed;
26	EXCEPT THAT A dealer may however, accept tips or gratuities from a
27	patron at the table at which such THE dealer is conducting play, subject

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1	to the provisions of this section. All such EXCEPT AS THE COMMISSION
2	MAY AUTHORIZE BY RULE, A DEALER SHALL IMMEDIATELY DEPOSIT tips
3	or gratuities shall be immediately deposited in a lockbox reserved for that
4	purpose, accounted for and placed in a pool for distribution based upon
5	criteria established in advance by the licensed retailer.
6	SECTION 10. In Colorado Revised Statutes, 12-47.1-823,
7	amend (1) introductory portion and (1) (g) as follows:
8	12-47.1-823. Fraudulent acts. (1) It is unlawful for any A
9	person:
10	(g) To manipulate, with the intent to cheat, any component of a
11	gaming device in a manner contrary to the designed and normal
12	operational purpose for the component, including, but not limited to,
13	varying the pull of the handle of a slot machine, with knowledge that the
14	manipulation affects the outcome of the game or with knowledge of any
15	AN event that affects the outcome of the game;
16	SECTION 11. In Colorado Revised Statutes, 12-47.1-825,
17	amend (2) introductory portion as follows:
18	12-47.1-825. Use of counterfeit or unapproved chips or tokens
19	or unlawful coins or devices - possession of certain unlawful devices,
20	equipment, products, or materials. (2) It is unlawful for any A person,
21	in playing or using any A limited gaming activity designed to be played
22	with, to receive, or to be operated by chips, or tokens, OR OTHER
23	WAGERING INSTRUMENTS approved by the commission or by lawful coin
24	of the United States of America:
25	SECTION 12. In Colorado Revised Statutes, 12-47.1-826,
26	amend (1) introductory portion and (1) (b) as follows:
27	12-47.1-826. Cheating game and devices. (1) It is unlawful for

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1	any A person playing any A licensed game in licensed gaming premises
2	to:
3	(b) Knowingly deal, conduct, carry on, operate, or expose for play
4	any A PHYSICAL OR ELECTRONIC VERSION OF A game or games played
5	with PHYSICAL OR ELECTRONIC cards or any A mechanical device, or any
6	combination of games or devices, which THAT have in any manner been
7	marked or tampered with or placed in a condition or operated in a manner
8	the result of which THAT tends to deceive the public or tends to alter the
9	normal random selection of characteristics or the normal chance of the
10	game, which OR THAT could determine or alter the result of the game.
11	SECTION 13. In Colorado Revised Statutes, 12-47.1-902,
12	amend (1) introductory portion and (1) (b) as follows:
13	12-47.1-902. Terms of sponsorship. (1) All limited gaming
14	events sponsored by charitable organizations pursuant to this part 9 shall
15	MUST, in addition to all the other requirements of this article, meet the
16	following conditions:
17	(b) A one-day sponsored event shall MUST, for purposes of this
18	part 9, begin at 8 a.m. on one day and end at 2 8 a.m. on the following
19	day. For purposes of this section, no event shall be IS considered as less
20	than a one-day event; except that a retailer may devote less than one full
21	day to a charitable event.
22	SECTION 14. In Colorado Revised Statutes, amend
23	12-47.1-1103 as follows:
24	12-47.1-1103. Ownership or possession of slot machines -
25	rules. Notwithstanding any other laws of this state to the contrary, the
26	possession of IF A LICENSED SLOT MACHINE MANUFACTURER, SLOT
27	MACHINE DISTRIBUTOR, OPERATOR, RETAILER, OR A RETAIL GAMING

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LICENSE APPLICANT COMPLIES WITH ALL OF THE PROVISIONS OF THIS
ARTICLE AND THE RULES PROMULGATED UNDER THIS ARTICLE, HE OR SHE
MAY LEGALLY OWN, POSSESS, OR OWN AND POSSESS slot machines in this
state; by licensed manufacturers, distributors, and operators is legal if all
the requirements, conditions, and provisions of this article and the rules
and regulations promulgated pursuant to this article are met and complied
with. However, EXCEPT THAT nothing in this section shall be deemed to
authorize or permit any AUTHORIZES THE use of slot machines for any
purpose except as OTHER THAN THE PURPOSES specifically authorized and
provided for in this article and the rules and regulations promulgated
pursuant to UNDER this article. THE COMMISSION SHALL PROMULGATE
RULES CONCERNING THE CONDITIONS UNDER WHICH THE DIVISION MAY
AUTHORIZE A RETAIL GAMING LICENSE APPLICANT TO OWN, POSSESS, OR
OWN AND POSSESS SLOT MACHINES IN THIS STATE BEFORE OBTAINING A
RETAIL GAMING LICENSE.
SECTION 15. In Colorado Revised Statutes, 12-47.1-1601,
amend (4) (a.5) (I) and (4) (a.5) (III) as follows:
12-47.1-1601. Local government limited gaming impact fund
- rules - repeal. (4) (a.5) (I) For the 2008-09 fiscal year and each fiscal
year thereafter, the executive director of the department of human
services shall use the moneys in the gambling addiction account to award
grants for the purpose of providing gambling addiction counseling
services to Colorado residents. The department of human services may
use a portion of the moneys in the gambling addiction account, not to
exceed ten percent in the 2008-09 fiscal year and five percent in each
fiscal year thereafter, to cover the department's direct and indirect costs
associated with administering the grant program authorized in this

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paragraph (a.5). Grants THE EXECUTIVE DIRECTOR OF THE DEPARTMENT
OF HUMAN SERVICES shall be awarded AWARD GRANTS to state or local
public or private entities or programs that provide gambling addiction
counseling services and that have or are seeking nationally accredited
gambling addiction counselors. For the 2008-09 through 2011-12 fiscal
years, The executive director of the department of human services shall
award ten percent of the moneys in the gambling addiction account in
grants to addiction counselors who are actively pursuing national
accreditation as gambling addiction counselors. In order to qualify for an
accreditation grant, an addiction counselor applicant shall MUST provide
sufficient proof that he or she has completed at least half of the
counseling hours required for national accreditation. The executive
director of the department of human services shall adopt rules
establishing the procedure for applying for a grant from the gambling
addiction account, the criteria for awarding grants and prioritizing
applications, and any other provision necessary for the administration of
the grant applications and awards. Neither the entity, program, or
gambling addiction counselor providing the gambling addiction
counseling services nor the recipients of the counseling services need to
be located within the jurisdiction of an eligible local governmental entity
in order to receive a grant or counseling services. At the end of any A
fiscal year, all unexpended and unencumbered moneys in the gambling
addiction account shall remain in the account and shall DO not revert to
the general fund or any other fund or account.
(III) This paragraph (a.5) is repealed, effective July 1, 2013. Any
SEPTEMBER 1, 2022. THE STATE TREASURER SHALL TRANSFER ANY
moneys remaining in the gambling addiction account on June 30, 2013.

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1	shall be transferred AUGUST 31, 2022, to the limited gaming impact
2	account.
3	SECTION 16. In Colorado Revised Statutes, 24-34-104, amend
4	(44) introductory portion and (53.5) introductory portion; repeal (44) (f);
5	and add (53.5) (c) as follows:
6	24-34-104. General assembly review of regulatory agencies
7	and functions for termination, continuation, or reestablishment.
8	(44) The following agencies, functions, or both, shall terminate on July
9	1, 2013:
10	(f) The division of gaming, created by part 2 of article 47.1 of title
11	12, C.R.S.;
12	(53.5) The following agencies, functions, or both, shall terminate
13	on September 1, 2022:
14	(c) The division of gaming, created by part 2 of article 47.1
15	OF TITLE 12, C.R.S.;
16	SECTION <u>17.</u> In Colorado Revised Statutes, 12-47.1-827,
17	amend (2) introductory portion as follows:
18	12-47.1-827. Unlawful manufacture, sale, distribution,
19	marking, altering, or modification of equipment and devices
20	associated with limited gaming - unlawful instruction. (2) It is
21	unlawful to mark, alter, or otherwise modify any associated RELATED
22	equipment or A limited gaming device in a manner that:
23	SECTION 18. In Colorado Revised Statutes, 12-47.1-835,
24	amend (1) introductory portion as follows:
25	12-47.1-835. Financial interest restrictions. (1) No A
26	manufacturer or distributor of slot machines, or associated EQUIPMENT,
2.7	OR RELATED equipment shall NOT knowingly, without notification being

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1	provided to NOTIFYING the division within ten days:
2	SECTION 19. In Colorado Revised Statutes, 18-20-111, amend
3	(2) introductory portion as follows:
4	18-20-111. Unlawful manufacture, sale, distribution, marking,
5	altering, or modification of equipment and devices related to limited
6	gaming - unlawful instruction. (2) It is unlawful to mark, alter, or
7	otherwise modify any associated RELATED equipment or A limited gaming
8	device in a manner that:
9	SECTION 20. Appropriation. In addition to any other
10	appropriation, there is hereby appropriated to the department of human
11	services, for the fiscal year beginning July 1, 2013, the sum of \$70,000.
12	or so much thereof as may be necessary, for allocation to behavioral
13	health services, for gambling addiction counseling services related to the
14	implementation of this act. Said sum is from reappropriated funds
15	received from the department of local affairs' division of local
16	government.
17	SECTION 21. Effective date. This act takes effect July 1, 2013.
18	SECTION 22. Safety clause. The general assembly hereby finds.
19	determines, and declares that this act is necessary for the immediate
20	preservation of the public peace, health, and safety.

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