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SENATE BILL 13-173

BY SENATOR(S) Kerr and Nicholson, Grantham, King;
also REPRESENTATIVE(S) Pabon, Rosenthal, Singer.

CONCERNING THE CONTINUATION OF THE DIVISION OF GAMING, AND, IN
CONNECTION THEREWITH, IMPLEMENTING THE RECOMMENDATIONS
IN THE 2012 SUNSET REPORT BY THE DEPARTMENT OF REGULATORY
AGENCIES, AND MAKING AN APPROPRIATION.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, **amend** 12-47.1-206 as follows:

12-47.1-206. Repeal of division - review of functions. Unless continued by the general assembly, this part 2 is repealed, effective ~~July 1, 2013~~ SEPTEMBER 1, 2022, and those powers, duties, and functions of the director specified in this part 2 are abolished. The provisions of section 24-34-104 (5) to (12), C.R.S., concerning a wind-up period, an analysis and evaluation, public hearings, and claims by or against an agency ~~shall~~ apply to the powers, duties, and functions of the director of ~~said~~ THE division.

SECTION 2. In Colorado Revised Statutes, 12-47.1-103, **amend** (10), (19), and (26) (b) (I); and **add** (2.3) and (2.5) as follows:

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

12-47.1-103. Definitions. As used in this article, unless the context otherwise requires:

(2.3) (a) "ASSOCIATED EQUIPMENT" MEANS A DEVICE, PIECE OF EQUIPMENT, OR SYSTEM USED REMOTELY OR DIRECTLY IN CONNECTION WITH GAMING OR ANY GAME. THE TERM INCLUDES A DEVICE, PIECE OF EQUIPMENT, OR SYSTEM USED TO MONITOR, COLLECT, OR REPORT GAMING TRANSACTIONS DATA OR TO CALCULATE ADJUSTED GROSS PROCEEDS AND GAMING TAXES.

(b) "ASSOCIATED EQUIPMENT" DOES NOT INCLUDE EQUIPMENT THAT MEETS THE DEFINITION OF A "GAMING DEVICE" OR "GAMING EQUIPMENT" IN SUBSECTION (10) OF THIS SECTION.

(2.5) "ASSOCIATED EQUIPMENT SUPPLIER" MEANS A PERSON WHO IMPORTS, MANUFACTURES, DISTRIBUTES, OR OTHERWISE PROVIDES ASSOCIATED EQUIPMENT FOR USE IN COLORADO. THE TERM DOES NOT INCLUDE A PERSON LICENSED AS A SLOT MACHINE MANUFACTURER OR DISTRIBUTOR UNDER PART 5 OF THIS ARTICLE.

(10) "Gaming device" or "gaming equipment" means any equipment or mechanical, electromechanical, or electronic contrivance, component, or machine used remotely or directly in connection with gaming or any game. The term includes a system for processing information ~~which~~ THAT can alter the normal criteria of random selection ~~which affects~~ AFFECTING the operation, ~~of any game or which determines~~ DETERMINING the outcome, of a game. The term includes A PHYSICAL OR ELECTRONIC VERSION OF a slot machine, poker table, blackjack table, craps table, roulette table, dice, and the cards used to play poker and blackjack.

(19) "Limited card games and slot machines", "limited gaming", or "gaming" means PHYSICAL AND ELECTRONIC VERSIONS OF slot machines, craps, roulette, and the card games of poker and blackjack ~~which are~~ authorized by this article and defined and regulated by the commission, each game having a maximum single bet of one hundred dollars.

(26) (b) "Slot machine" does not include:

(I) A vintage slot machine ~~models which were~~ MODEL THAT:

(A) WAS introduced on the market ~~prior to~~ BEFORE 1984;

(B) DOES NOT CONTAIN COMPONENT PARTS MANUFACTURED IN 1984 OR THEREAFTER; and ~~are~~

(C) Is not used for gambling purposes or in connection with limited gaming; or

SECTION 3. In Colorado Revised Statutes, 12-47.1-501, **amend** (1) introductory portion; and **add** (1) (f) as follows:

12-47.1-501. Licenses - types - rules. (1) The commission may issue ~~five~~ SIX types of licenses as follows:

(f) **Associated equipment supplier license.** AN ASSOCIATED EQUIPMENT SUPPLIER LICENSE IS REQUIRED FOR A PERSON WHO IMPORTS, MANUFACTURES, OR DISTRIBUTES ASSOCIATED EQUIPMENT IN THIS STATE, OR WHO OTHERWISE ACTS AS AN ASSOCIATED EQUIPMENT SUPPLIER. SLOT MACHINE MANUFACTURERS OR DISTRIBUTORS WHO ARE LICENSED IN THIS STATE AND WHO IMPORT, MANUFACTURE, OR DISTRIBUTE ASSOCIATED EQUIPMENT NEED NOT OBTAIN A SEPARATE ASSOCIATED EQUIPMENT SUPPLIER LICENSE. EACH LICENSE ISSUED UNDER THIS PARAGRAPH (f) EXPIRES TWO YEARS AFTER THE DATE OF ITS ISSUANCE BUT MAY BE RENEWED UPON THE FILING AND APPROVAL OF AN APPLICATION FOR RENEWAL. THE COMMISSION SHALL PROMULGATE RULES TO ESTABLISH THE FEES FOR AN INITIAL LICENSE AND RENEWAL LICENSES.

SECTION 4. In Colorado Revised Statutes, **amend** 12-47.1-505 as follows:

12-47.1-505. Operator, slot machine manufacturer or distributor, associated equipment supplier, key employee, support licensee, or retailer - qualifications for licensure. ~~Prior to a person's licensure~~ BEFORE OBTAINING A LICENSE as an operator, slot machine manufacturer or distributor, ASSOCIATED EQUIPMENT SUPPLIER, key employee, support licensee, or retailer, ~~such person shall~~, in addition to meeting ~~any other requirements imposed by~~ OF this article OR RULES OF the commission, ~~or any rule or regulation promulgated pursuant to this 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 revocation or suspension, or in lieu of revocation or suspension, the commission may impose a reprimand or a monetary penalty not to exceed the following amounts:

(I.5) IF THE LICENSEE IS AN ASSOCIATED EQUIPMENT SUPPLIER, THE AMOUNT OF TWENTY-FIVE THOUSAND DOLLARS;

SECTION 6. In Colorado Revised Statutes, 12-47.1-601, **amend** (1) introductory portion and (1) (d) as follows:

12-47.1-601. Gaming tax. (1) There is hereby imposed a gaming tax on the adjusted gross proceeds of gaming allowed by this article. The tax ~~shall be~~ IS set by rule AS promulgated by the commission. ~~In no event~~ THE COMMISSION shall NOT SET the tax ~~exceed~~ AT MORE THAN forty percent

of the adjusted gross proceeds. In setting the tax rate, the commission shall consider the need to provide moneys to the cities of Central, Black Hawk, and Cripple Creek for historic restoration and preservation; the impact on the communities and any state agency, including ~~but not limited to~~, infrastructure, law enforcement, environment, public health and safety, education requirements, human services, and other components due to limited gaming; the impact on licensees and the profitability of their operations; ~~the profitability of the other "for-profit" forms of gambling in this state~~; the profitability of similar forms of gambling in other states; and the expenses of the commission and the division for their administration and operation. The commission shall also consider the following:

(d) IN SETTING the amount, THE COMMISSION shall take into account profit levels after expenses of ~~other "for profit" gaming in Colorado and~~ similar forms of gaming in other states;

SECTION 7. In Colorado Revised Statutes, 12-47.1-818, **amend** (2) as follows:

12-47.1-818. Approval of rules for certain games. (2) ~~No~~ A licensee shall NOT offer poker, blackjack, craps, or roulette, or any variation game ~~thereof~~ OF POKER, BLACKJACK, CRAPS, OR ROULETTE, without prior approval of the game by the commission, EXCEPT AS SPECIFICALLY AUTHORIZED IN THE COMMISSION'S RULES REGARDING FIELD TRIALS OF NEW GAMES OR TECHNOLOGY.

SECTION 8. In Colorado Revised Statutes, **amend** 12-47.1-819 as follows:

12-47.1-819. Exchange - redemption of chips - unlawful acts. It is unlawful for ~~any~~ A person to exchange or redeem chips for anything whatsoever, except currency, negotiable personal checks, negotiable counter checks, or other chips. A licensee shall, upon the request of ~~any~~ A person, redeem ~~that~~ THE licensee's gaming chips surrendered by that person ~~in any amount over twenty-five dollars with a check drawn upon the licensee's account at any banking institution in this state and made payable to that person~~ PURSUANT TO RULES ESTABLISHED BY THE COMMISSION.

SECTION 9. In Colorado Revised Statutes, **amend** 12-47.1-820 as follows:

12-47.1-820. Persons in supervisory positions - unlawful acts - rules. It is unlawful for ~~any~~ A dealer, ~~floorman~~ FLOORPERSON, or ~~any other~~ OTHER employee who serves in a supervisory position to solicit or accept ~~any~~ A tip or gratuity from ~~any~~ A player or patron at the ~~premises~~ LICENSED GAMING ESTABLISHMENT where he OR SHE is employed; EXCEPT THAT A dealer may ~~however~~, accept tips or gratuities from a patron at the table at which ~~such~~ THE dealer is conducting play, subject to ~~the provisions of this section.~~ ~~All such~~ EXCEPT AS THE COMMISSION MAY AUTHORIZE BY RULE, A DEALER SHALL IMMEDIATELY DEPOSIT tips or gratuities ~~shall be immediately deposited~~ in a lockbox reserved for that purpose, accounted for and placed in a pool for distribution based upon criteria established in advance by the licensed retailer.

SECTION 10. In Colorado Revised Statutes, 12-47.1-823, **amend** (1) introductory portion and (1) (g) as follows:

12-47.1-823. Fraudulent acts. (1) It is unlawful for ~~any~~ A person:

(g) To manipulate, with the intent to cheat, any component of a gaming device in a manner contrary to the designed and normal operational purpose for the component, ~~including, but not limited to, varying the pull of the handle of a slot machine~~, with knowledge that the manipulation affects the outcome of the game or with knowledge of ~~any~~ AN event that affects the outcome of the game;

SECTION 11. In Colorado Revised Statutes, 12-47.1-825, **amend** (2) introductory portion as follows:

12-47.1-825. Use of counterfeit or unapproved chips or tokens or unlawful coins or devices - possession of certain unlawful devices, equipment, products, or materials. (2) It is unlawful for ~~any~~ A person, in playing or using ~~any~~ A limited gaming activity designed to be played with, to receive, or to be operated by chips, ~~or~~ tokens, OR OTHER WAGERING INSTRUMENTS approved by the commission or by lawful coin of the United States of America:

SECTION 12. In Colorado Revised Statutes, 12-47.1-826, **amend** (1) introductory portion and (1) (b) as follows:

12-47.1-826. Cheating game and devices. (1) It is unlawful for

~~any~~ A person playing ~~any~~ A licensed game in licensed gaming premises to:

(b) Knowingly deal, conduct, carry on, operate, or expose for play ~~any~~ A PHYSICAL OR ELECTRONIC VERSION OF A game ~~or games~~ played with PHYSICAL OR ELECTRONIC cards or ~~any~~ A mechanical device, or any combination of games or devices, ~~which~~ THAT have ~~in any manner~~ been marked or tampered with or placed in a condition or operated in a manner ~~the result of which~~ THAT tends to deceive the public or ~~tends to~~ alter the normal random selection of characteristics or the normal chance of the game, ~~which~~ OR THAT could determine or alter the result of the game.

SECTION 13. In Colorado Revised Statutes, 12-47.1-902, **amend** (1) introductory portion and (1) (b) as follows:

12-47.1-902. Terms of sponsorship. (1) All limited gaming events sponsored by charitable organizations pursuant to this part 9 ~~shall~~ MUST, in addition to all the other requirements of this article, meet the following conditions:

(b) A one-day sponsored event ~~shall~~ MUST, for purposes of this part 9, begin at 8 a.m. ~~on one day~~ and end at 2 8 a.m. ~~on~~ the following day. For purposes of this section, no event ~~shall be~~ IS considered as less than a one-day event; except that a retailer may devote less than one full day to a charitable event.

SECTION 14. In Colorado Revised Statutes, **amend** 12-47.1-1103 as follows:

12-47.1-1103. Ownership or possession of slot machines - rules. Notwithstanding any other laws of this state to the contrary, ~~the possession of~~ IF A LICENSED SLOT MACHINE MANUFACTURER, SLOT MACHINE DISTRIBUTOR, OPERATOR, RETAILER, OR A RETAIL GAMING 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 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,~~ ~~shall be transferred~~ AUGUST 31, 2022, to the limited gaming impact account.

SECTION 16. In Colorado Revised Statutes, 24-34-104, **amend** (44) introductory portion and (53.5) introductory portion; **repeal** (44) (f); and **add** (53.5) (g) as follows:

24-34-104. General assembly review of regulatory agencies and functions for termination, continuation, or reestablishment. (44) The following agencies, functions, or both, ~~shall~~ terminate on July 1, 2013:

(f) ~~The division of gaming, created by part 2 of article 47.1 of title 12, C.R.S.;~~

(53.5) The following agencies, functions, or both, ~~shall~~ terminate on September 1, 2022:

(g) THE DIVISION OF GAMING, CREATED BY PART 2 OF ARTICLE 47.1 OF TITLE 12, C.R.S.;

SECTION 17. In Colorado Revised Statutes, 12-47.1-827, **amend** (2) introductory portion as follows:

12-47.1-827. Unlawful manufacture, sale, distribution, marking, altering, or modification of equipment and devices associated with limited gaming - unlawful instruction. (2) It is unlawful to mark, alter, or otherwise modify ~~any associated~~ RELATED equipment or A limited gaming device in a manner that:

SECTION 18. In Colorado Revised Statutes, 12-47.1-835, **amend** (1) introductory portion as follows:

12-47.1-835. Financial interest restrictions. (1) ~~No~~ A manufacturer or distributor of slot machines, ~~or~~ associated EQUIPMENT, OR RELATED equipment shall NOT knowingly, without ~~notification being~~

~~provided to~~ NOTIFYING the division within ten days:

SECTION 19. In Colorado Revised Statutes, 18-20-111, **amend** (2) introductory portion as follows:

18-20-111. Unlawful manufacture, sale, distribution, marking, altering, or modification of equipment and devices related to limited gaming - unlawful instruction. (2) It is unlawful to mark, alter, or otherwise modify ~~any associated~~ RELATED equipment or A limited gaming device in a manner that:

SECTION 20. Appropriation. In addition to any other appropriation, there is hereby appropriated to the department of human services, for the fiscal year beginning July 1, 2013, the sum of \$70,000, or so much thereof as may be necessary, for allocation to behavioral health services, for gambling addiction counseling services related to the implementation of this act. Said sum is from reappropriated funds received from the department of local affairs' division of local government.

SECTION 21. Effective date. This act takes effect July 1, 2013.

SECTION 22. Safety clause. The general assembly hereby finds,

determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

John P. Morse
PRESIDENT OF
THE SENATE

Mark Ferrandino
SPEAKER OF THE HOUSE
OF REPRESENTATIVES

Cindi L. Markwell
SECRETARY OF
THE SENATE

Marilyn Eddins
CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES

APPROVED _____

John W. Hickenlooper
GOVERNOR OF THE STATE OF COLORADO