

HCS HB 2989 -- GAMING (Hardwick)

COMMITTEE OF ORIGIN: Standing Committee on Emerging Issues

ILLEGAL GAMING (Sections 27.108, RSMo.)

This bill establishes the "Illegal Gaming Enforcement Fund", which will consist of a portion of moneys generated from an administrative fee imposed on video lottery terminals. Moneys in the Fund will be used by the Attorney General, prosecutors, and law enforcement to investigate, enforce, charge, and prosecute illegal gaming in this state.

INVESTIGATION OF VIOLATIONS (Section 43.375)

This bill gives the Missouri State Highway Patrol (Highway Patrol) authority to investigate any criminal violations regarding the provisions of this bill, as specified in the bill. The bill also creates the "Missouri State Highway Patrol Gambling Crimes Investigation Fund", which is to be utilized for certain purposes, as specified in the bill.

DEVELOPMENTAL DISABILITY COMMUNITY SUPPORT FUND (Section 191.250)

This bill creates the "Developmental Disability Community Support Fund" which will provide funding for the ongoing learning, education, and support of individuals with developmental disabilities. Moneys in the Fund must be distributed according to the provisions in the bill.

VIDEO LOTTERY GAMING (Sections 313.425 to 313.445)

This bill establishes the "Missouri Video Lottery Regulatory Act", which will provide additional funding for Missouri education programs and additional resources for Missouri municipalities and counties.

This bill requires the State Lottery Commission to implement a system of video lottery game terminals and to issue licenses to video lottery game manufacturers, distributors, operators, handlers, and retailers. The Commission must not allow a single vendor or licensee to be responsible for implementing the program.

Video lottery game terminals must be connected to a central control system developed or procured by the Commission. No video lottery game terminal will be placed in operation without first

being connected to the centralized control system, and the terminal must remain connected at all times. Video lottery game terminals must meet all applicable standards, as specified in the bill. No device that was previously determined to be an illegal gambling machine by the Commission will be licensed as a video lottery game terminal.

The Commission must impose a non-refundable application fee, such fees varying, depending on the type of application, and must be distributed as specified in the bill. The initial license will be for a period of one year. Thereafter, the license renewal period will be four years with the applicable license renewal fee paid for each year the license is renewed, as specified in the bill.

In addition to the license fees, video lottery game operators must pay the Department of Revenue an annual non-refundable administrative fee of \$1,250 for each video lottery game terminal placed in service. The administrative fee will be equally divided and paid by the video lottery game operator and the video lottery game retailer. The Department will remit \$200 to the Commission, and the remaining amount will be remitted to the Illegal Gaming Enforcement Fund, as specified in the bill. A license will not be issued to any person who has been convicted of a felony or of a crime involving illegal gambling.

Video lottery game operators and video lottery game retailers must enter into a use agreement for the placement of video lottery game terminals, as specified in the bill. The agreement must specify an equal division of net terminal income after adjustments for taxes and administrative fees are made. Video lottery game operators and video lottery game retailers are prohibited from offering anything of value other than the percentage of adjusted gross receipts for the placement of video lottery terminals. All licensees will remain subject to all income, property, sales, and use taxes.

A political subdivision can levy a fee upon a video lottery game retailer of \$250. Such fee will be divided equally between the video lottery game retailer and the video lottery game operator, provided that all revenue generated be deposited into the General Revenue Fund of the political subdivision.

Video lottery game operators will pay winning tickets using a video lottery game ticket redemption terminal, which must be located within the video lottery game retailer's establishment in direct proximity of where the video lottery games are offered.

Unredeemed video lottery game tickets expire after 180 days of issue. Any person that has been self-excluded from video lottery game play is guilty of trespassing in the first degree if such person enters a designated Video Lottery Gaming Area, as defined by the Commission.

The price of video lottery game terminal credits will be determined by the Commission, and the maximum wager played per video lottery game must not exceed \$4. Notwithstanding current law regarding state or local sales tax, any cash award for the maximum wager played on any individual lottery game cannot exceed \$1,199 or no more than \$1 less than the minimum amount allowable by Federal law before tax withholding is required.

Each Operator must not operate more than eight terminals at any one video lottery game retailer location. A political subdivision can further restrict the number of video lottery game terminals at each retail business to five terminals, provided that the restrictions do not apply to high volume truck stops. A person under the age of 21 cannot play video lottery games and the retailer is responsible for preventing anyone under age from playing. Video lottery game operators must have a video surveillance system within the immediate area of the retailer's establishment where video lottery game terminals are located and must maintain the footage for 30 days. The video operator must also post a warning sign that gambling can be addictive and a sign with the problem gambling helpline in red lettering at least one inch high on a white background, as specified in the bill.

Video lottery game operators must pay to the Commission 31% of the video lottery game adjusted gross gaming revenue. The Commission will retain an amount necessary to cover administrative expenses, and the remainder will be appropriated equally to public elementary and secondary education and public institutions of higher education, with 20% of such funds to be appropriated to the newly created "Public Elementary and Secondary School Construction and Rehabilitation Grant Fund", as specified in the bill.

Video lottery game operators must pay to the Department of Revenue an additional "municipality and county administration tax", as defined in the bill, of 3% of the video lottery game adjusted gross gaming revenue. The Department will distribute the funds to the cities and counties where the video lottery gaming terminals are located.

The Commission may require fingerprint submissions as part of the application process of licensing, as specified in the bill.

The Commission must adopt rules for the implementation of video lottery terminals, including a provision that a distinct area of the business or building that is not accessible to anyone under the age of 21.

The Commission must procure a centralized computer system no later than 90 days following the effective date of this bill, and establish start and operational dates no later than 365 days following the effective date of the bill.

Participation in the state lottery will not be construed to be a lottery or gift enterprise in violation of Article III, Section 39 of the Constitution of Missouri.

This bill allows any municipality or county to adopt an ordinance prohibiting video lottery game terminals within 120 days after the effective date of the Act and the Commission must be notified within seven days of the passage of the ordinance. If a municipality or county later passes an ordinance allowing video lottery game terminals, it is not allowed to adopt any subsequent ordinance regarding the prohibition of video lottery terminals for 10 consecutive years. A municipality may then only pass an ordinance to prohibit video lottery game terminals no sooner than five years.

An applicant for licensure must not be denied a license because of the applicant's operation, handling, leasing, licensing, servicing, or placing of machines or devices. However, the applicant must attest that the video lottery game retailer does not own or possess any illegal gambling devices. This bill also preempts local jurisdictions that enact or enforce a law or regulation on taxes, fees, or conduct in the use of video lottery games. However, nothing will prevent a political subdivision from prohibiting the hours of operation during which video lottery game terminals may be used for game play between 1:30 a.m. and 6:00 a.m..

This bill requires the Commission to prescribe an application form for licensure, which includes certain information, as specified in the bill. The Commission must require every licensee to post a bond, a bonding fee, or a letter of credit in an amount determined by the Commission. Licenses granted by the Commission are nontransferable. The Commission must revoke a license upon certain findings, as specified in the bill. A

person who knowingly makes a false statement on an application is guilty of a class A misdemeanor.

A licensee will be subject to penalties, suspension, or revocation of a license for an act that is injurious to public health or welfare. The types of acts or omissions committed by the licensee that may be grounds for discipline are specified in the bill. The Commission may also refuse to issue a license. The applicant or licensee must be notified in writing by the Commission with the reasons for the refusal or discipline. The applicant or licensee has 30 days to file a request for a hearing with the administration hearing commission.

The Commission can file a complaint with the administrative hearing commission against any applicant or holder of a license or any person who has failed to renew or surrender their license. If the administrative hearing commission finds that the grounds for disciplinary action are met, the Commission will determine the disciplinary action, as specified in the bill.

The Commission will have the power and authority to adopt and enforce certain rules and regulations to regulate video lottery games, as specified in the bill. The provisions found within Sections 313.425 to 313.445, and 572.020, 572.070, and 572.100 are non-severable, whereby an individual section that is subsequently found to be invalid will mean that the remaining provisions are also deemed to be invalid.

EXCURSION GAMBLING BOAT ADMISSION FEE (Sections 313.805 to 313.835)

Currently, the commission has jurisdiction over excursion gambling boats to enforce certain rules and regulations. This bill adds the power to annually adjust admission fees imposed on excursion gambling boats for inflation.

Currently, excursion gambling boats must pay the Commission a \$2.00 admission fee for each person embarking on such a boat, and the Commission distributes those fees according to existing law. This bill requires that an admission fee of \$2.00 be assessed every two hours for each person who is present within the gambling area of the excursion boat, and annual adjustments to those fees, are specified in the bill. Distribution of the admission fees are described in the bill, including a portion of the fees to be remitted to the Department of Natural Resources Historic Preservation Revolving Fund which will contract with the charitable organization for the construction of a facility for

the acquisition and preservation of artifacts related to Missouri's riverboat heritage.

The bill also states that all present and future forms of remote wagering on excursion boats will require certain access fees, as specified in the bill.

#### CRIMINAL PROVISIONS FOR GAMBLING (Sections 572.010 to 572.100)

The bill modifies the definition of "advance gambling activity" by stating that the owning, operating, supplying, or servicing of video lottery game terminals under the provisions described above does not constitute advancing gambling activity.

This bill modifies the definition of "contest of chance" by stating that the outcome of a gambling contest is determined by any element of chance.

The bill modifies the definition of "gambling" by stating that gambling does not include any licensed activity or persons participating in such licensed activity, licensed video lottery game terminals, or video lottery games.

This bill repeals the current definition of "gambling device".

The bill modifies the definition of "slot machine", as specified in the bill, including the provision that a slot machine or gambling device does not include licensed video lottery game terminals or video lottery games.

Currently, if a person commits the offense of gambling, he or she is guilty of a Class C misdemeanor. This bill changes the offense to a Class A misdemeanor.

The provisions found within Sections 313.425 to 313.445 are non-severable, whereby an individual Section that is subsequently found to be unconstitutional must mean that the remaining provisions are similarly held to be invalid.

Currently, a person commits the offense of possession of a gambling device if the person makes certain use of a slot machine. This bill adds the use of a gambling device to these provisions.

Any video lottery game operator or video lottery game retailer with a gambling device currently in use or a gambling device that would be determined to be illegal after the passage of this bill

may continue to operate such devices before August 28, 2027, by submitting to the Commission certain financial records, as described in the bill. Any video lottery game operator or video lottery game retailer can elect to remove any gambling device from the premises; any such removed gambling device will not be replaced.

The provisions found within Sections 313.425 to 313.445 are non-severable from each other and Sections 572.020, 572.070, and 572.100; therefore, if an individual section is subsequently found to be unconstitutional, the remaining provisions are similarly held to be invalid. The provisions in Sections 572.020, 572.070, and 572.100 must become effective on August 28, 2027.

Currently, the state preempts any local jurisdiction in the criminalization of gambling. This bill states that the term "gambling" does not include the licensed activities and provisions under Sections 313.425 to 313.437. The Commission will have concurrent authority and jurisdiction to investigate and enforce violations of this bill and seek prosecution of these criminal violations.

This bill is similar to SB 862 (2026).