

WEST VIRGINIA LEGISLATURE

2021 REGULAR SESSION

Committee Substitute

for

House Bill 2507

BY DELEGATES GEARHEART, STORCH, HOWELL, SMITH,
PAYNTER, BRIDGES, MAYNARD, J. JEFFRIES, ELLINGTON,
CRISS, AND HOUSEHOLDER

[Introduced February 15, 2021; Referred to the
Committee on the Judiciary]

1 A BILL to repeal §29-22B-404 of the Code of West Virginia, 1931, as amended, and to amend
2 and reenact §29-22B-702, §29-22B-706, and §29-22B-1201 of said Code, relating to
3 removing certain limitations on advertising and promotional activities by the Lottery
4 Commission, limited video lottery retailers and limited video lottery operators; removing
5 requirements for notice and public hearing; and removing a required reduction of limited
6 video lottery locations which was to take effect this year.

Be it enacted by the Legislature of West Virginia:

ARTICLE 22B. LIMITED VIDEO LOTTERY.

§29-22B-404. Advertising by commission or director prohibited.

1 [Repealed].

§29-22B-702. Additional duties of limited video lottery retailers.

1 In addition to the general duties imposed on all licensees in §29-22B-701 of this code, a
2 limited video lottery retailer shall:

3 (1) Attend all commission mandated meetings, seminars and training sessions concerning
4 operation of video lottery terminals, the validation and redemption of video lottery winning tickets
5 and the operation of all ticket validation terminals and equipment;

6 (2) Maintain all skills necessary for the accurate validation of video lottery tickets;

7 (3) Supervise video lottery operations and ticket validation procedures at the applicable
8 location;

9 (4) Permit no person to tamper with or interfere with the operation of any video lottery
10 terminal;

11 (5) Ensure that telephone lines from the commission's central control computer to the
12 video lottery terminals located at the approved location are at all times connected, and prevent
13 any person from tampering or interfering with the operation of the telephone lines;

14 (6) Ensure that video lottery terminals are within the sight and control of designated
15 employees of the limited video lottery retailer;

16 (7) Ensure that video lottery terminals are placed and remain placed in the specific
17 locations which have been approved by the commission. A video lottery terminal in a restricted
18 access adult-only facility may not be relocated within the facility without the prior written approval
19 of the commission;

20 (8) Monitor video lottery terminals to prevent access to or play by persons who are under
21 the age of 21 years or who are visibly intoxicated;

22 (9) Maintain at all times sufficient change and cash in the denominations accepted by the
23 video lottery terminals;

24 (10) Provide no access by a player to an automated teller machine (ATM) in the restricted
25 access adult-only facility where video lottery games are played, accept no credit card or debit
26 card from a player for the exchange or purchase of video lottery game credits or for an advance
27 of coins or currency to be utilized by a player to play video lottery games and extend no credit, in
28 any manner, to a player so as to enable the player to play a video lottery game;

29 (11) Pay for all credits won upon presentment of a valid winning video lottery ticket;

30 (12) Report promptly in writing to the operator and the commission all video lottery terminal
31 malfunctions and notify the commission in writing of the failure of an operator or service technician
32 to provide prompt service and repair of the terminals and associated equipment;

33 (13) Prior to July 1, 2021, conduct no any video lottery advertising or promotional activities;
34 after that date, advertising by permit holders and the WV Lottery Commission is permitted, and
35 any restrictions or limitations thereon will be defined by legislative rule;

36 ~~(14) Not use the words "video lottery" in the name of the approved location, or in any~~
37 ~~directions or advertising visible from outside the retailer's establishment~~

38 ~~(15)~~(14) Install, post and display prominently within or about the approved location signs,
39 redemption information and other promotional material as required by the commission;

40 ~~(16)~~(15) Permit video lottery to be played only during those hours established and
41 approved by the commission: *Provided*, That the limited video lottery retailer shall not permit video
42 lottery to be played beyond the hour during which liquor may be served;

43 ~~(17)~~(16) Contract with no more than one licensed operator for the placement of video
44 lottery terminals at the licensed location;

45 ~~(18)~~(17) Maintain insurance covering all losses as the result of fire, theft or vandalism to
46 video lottery terminals and associated equipment; and

47 ~~(19)~~(18) Comply with all applicable provisions of this article and rules and orders of the
48 commission.

§29-22B-706. Additional duties of operators.

1 In addition to the general duties imposed on all licensees in section 22B-701 of this article,
2 an operator shall:

3 (1) Acquire video lottery terminals by purchase, lease, or other assignment only from
4 licensed manufacturers;

5 (2) Acquire no video lottery terminals in excess of the number they are authorized to
6 operate in this state as stated in the permit issued under part 11 of this article;

7 (3) Contract with limited video lottery retailers for a secure location for the placement,
8 operation and play of the video lottery terminals;

9 (4) Pay no compensation of any kind to any limited video lottery retailer or give or transfer
10 anything of value to any limited video lottery retailer, that is in addition to the consideration stated
11 in the written agreement between the operator and the limited video lottery retailer, which may be
12 not less than forty percent nor more than fifty percent of the amount of net terminal income
13 received by the operator in connection with the video lottery terminals at that location;

14 (5) Pay for the installation and operation of commission approved telephone lines to
15 provide direct dial-up or on-line communication between each video lottery terminal and the
16 commission's central control computer;

17 (6) Purchase or lease and install computer controller units and other associated equipment
18 required by the commission for video lottery terminals owned or leased by the permittee;

19 (7) Permit no person to tamper with or interfere with the operation of any video lottery
20 terminal;

21 (8) Ensure that telephone lines from the commission's central control computer to the
22 video lottery terminals located at the approved location are at all times connected, and prevent
23 any person from tampering or interfering with the operation of the telephone lines;

24 (9) Ensure that video lottery terminals are placed and remain placed in the specific places
25 within the approved restricted access adult-only facility that have been approved by the
26 commission. No video lottery terminal in a restricted access adult-only facility may be relocated
27 within the restricted access adult-only facility without the prior written approval of the commission;

28 (10) Assume financial responsibility for proper and timely payments by limited video lottery
29 retailers of all credits awarded to players in accordance with legislative rules promulgated by the
30 commission;

31 (11) Enter into contracts with limited video lottery retailers to provide for the maintenance
32 and repair of video lottery terminals and associated equipment only by licensed service
33 technicians, and to provide for the placement of video lottery terminals pursuant to the provisions
34 of this article;

35 (12) Prior to July 1, 2021, conduct ~~no~~ any video lottery advertising or promotional activities;
36 after that date, advertising by permit holders and the WV Lottery Commission is permitted, and
37 any restrictions or limitations thereon will be defined by legislative rule;

38 (13) Install, post and display prominently within or about the approved location signs,
39 redemption information and other material as required by the commission;

40 (14) Maintain general liability insurance coverage for all video lottery terminals in an
41 amount of at least \$1 million per claim;

42 (15) Promptly notify the commission in writing of any breaks or tears to any logic unit seals;

43 (16) Assume liability for all amounts due to the commission in connection with any money
44 lost or stolen from any video lottery terminal;

45 (17) Comply with all applicable provisions of this article and rules and orders of the
46 commission; and

47 (18) Maintain a separate bank account into which the operator shall deposit the gross
48 terminal income from all of the operator's video lottery terminals.

PART 12. PLACEMENT AND TRANSPORTATION OF
VIDEO LOTTERY TERMINALS.

§29-22B-1201. Placement of video lottery terminals.

1 (a) Video lottery terminals allowed by this article may be placed only in licensed limited
2 video lottery locations approved by the commission: ~~Provided, That prior to the approval of the~~
3 ~~placement of a video lottery terminal operated pursuant to a permit issued after December 31,~~
4 ~~2017, the commission shall hold one or more public hearings at which interested persons may~~
5 ~~express their views on the proposed video lottery locations pursuant to subsection (b) of this~~
6 ~~section.~~

7 ~~(b) Public Hearing.~~

8 ~~(1) Notice of public hearing.~~ — Notice of the public hearing or hearings shall be published
9 as a Class II legal advertisement at the expense of the permittee, in a form acceptable to the
10 commission, and accordance with the requirements of article three, chapter fifty-nine of this code.
11 The published notice shall include, at a minimum:

12 ~~(A) The date, time, place and purpose of the public hearing or hearings; and~~

13 ~~(B) The proposed location of a video lottery terminal.~~

14 ~~(c) (b)~~ All video lottery terminals in approved locations shall be physically located as
15 follows:

16 (1) The video lottery terminals shall be continuously monitored through the use of a closed
17 circuit television system capable of identifying players and terminal faces and of recording activity
18 for a continuous twenty-four hour period. All video tapes or other recording medium approved in
19 writing by the commission shall be retained for a period of at least sixty days and be available for
20 viewing by an authorized representative of the commission or the commissioner of alcohol
21 beverage control. The cost of monitoring shall be paid by the limited video lottery retailer;

22 (2) Access to video lottery terminal locations shall be restricted to persons legally entitled
23 by age to play video lottery games;

24 (3) The permittee shall submit for commission approval a floor plan of the area or areas
25 where video lottery terminals are to be operated showing terminal locations and security camera
26 mount location; and

27 (4) No video lottery terminal or video lottery camera may be relocated without prior written
28 approval from the commission.

29 ~~(d)~~ (c) Personnel of the limited video lottery retailer shall be present during all hours of
30 operation at each video lottery terminal location. These personnel shall make periodic inspections
31 of the restricted access adult-only facility in order to provide for the safe and approved operation
32 of the video lottery terminals and the safety and well-being of the players.

33 ~~(e)~~ (d) Security personnel of the commission and investigators of the Alcohol Beverage
34 Control Commissioner shall have unrestricted access to video lottery terminal locations.

35 ~~(f)~~ (e) Notwithstanding any other provision of this article to the contrary, the commission
36 may not approve the placement of a video lottery terminal in a state park.

37 ~~(g) Notwithstanding any other provision of this article to the contrary, during any bidding~~
38 ~~pursuant to section 1107 of this article occurring after June 30, 2021, the commission shall reduce~~
39 ~~the number of licensed limited video lottery locations to a number less than one thousand two~~
40 ~~hundred and fifty.~~

NOTE: The purpose of this bill is to remove some limitations on advertising and promotional activities by limited video lottery retailers.

Strike-throughs indicate language that would be stricken from a heading or the present law and underscoring indicates new language that would be added.