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HOUSE OF REPRESENTATIVES
145th GENERAL ASSEMBLY

HOUSE BILL NO. 100

AN ACT TO AMEND TITLE 29 OF THE DELAWARE CODE RELATING TO THE LOTTERY.

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

1 Section 1. Amend Subchapter I, Chapter 48, Title 29 of the Delaware Code by adding thereto two new sections to
2 read:

3 "§ 4825. Sports lottery.

4 (a) The Director shall, pursuant to the authority granted under §§4805(a)(1) and 4805(b)(4) of this chapter,
5 commence a sports lottery as soon as practicable. The Director shall, by rules and regulations, provide for the features and
6 attributes of a sports lottery. The regulations must, in the Director's judgment, administer the sports lottery in a manner
7 which will produce the greatest income for the State while minimizing or eliminating the risk of financial loss to the State.

8 (b) A person under the age of 21 may not purchase a sports lottery ticket, or wager on a sports lottery machine, or
9 in any way participate in the sports lottery.

10 (c) A sports lottery commenced pursuant to this section must be conducted exclusively at facilities operated by
11 sports lottery agents licensed by the State. Licenses awarded to video lottery agents relative to the video lottery shall allow
12 those agents to act as sports lottery agents. In addition to the video lottery agents, the Commission may award sports
13 lottery agent licenses pursuant to the authority granted under § 4826.

14 § 4826. Video and Sports Lottery Licensing Commission.

15 (a) There is created the Video and Sports Lottery Licensing Commission, which shall be composed of nine
16 citizens of the State, two of whom shall be appointed by the President Pro Tempore of the Senate, two of whom shall be
17 appointed by the Speaker of the House of Representatives, one of whom shall be appointed by the Minority Leader of the
18 Senate, one of whom shall be appointed by the Minority Leader of the House of Representatives, and one of whom shall be
19 appointed by the Governor. The Secretary of Finance and Director of the Delaware Economic Development Office shall
20 serve as ex officio members of the Commission. The Governor shall appoint a Chairperson of the Commission from
21 among its members. The term of office of each member of the Commission, except for those members who serve on an ex
22 officio basis, shall be two years, except that each member shall serve until his successor shall be appointed. Members of

23 the Commission may be re-appointed. A majority of the members of the Commission shall constitute a quorum for the
24 transaction of any business, for the performance of any duty and for the exercise of any power of the Commission.

25 (b) No person shall be appointed to the Commission who is or seeks to be licensed or regulated, directly or
26 indirectly, by the Commission. No person shall be appointed to the Commission who has any legal or beneficial interest,
27 direct or indirect, pecuniary or otherwise, in any person, business, organization or entity who is or seeks to be licensed or
28 regulated. No person shall be appointed to the Commission who has been convicted of any felony or any crime involving
29 gambling or a crime of moral turpitude within the preceding 10 years.

30 (c) Members of the Commission shall serve without compensation, except that they may be reimbursed by the
31 Department of Finance for reasonable and necessary expenses incident to their duties as members of the Commission.
32 Members of the Commission and their agents or employees shall not be subject to, and shall be immune from, claims, suits,
33 liability, damages or any other civil recourse arising from any act, proceeding, decision or determination undertaken or
34 performed as a member of the Commission, provided that such person acted in good faith and without malice in carrying
35 out their responsibilities, authority, duties, powers and privileges.

36 (d) The Chairperson of the Commission shall call an initial meeting of the Commission within thirty days of
37 receipt of any application for a license to operate as a video lottery agent or sports lottery agent, except that the
38 Commission may choose to extend the time period during which to conduct such an initial meeting. In any matter or
39 proceeding before the Commission, the Commission may decide the manner and method of giving notice to those persons
40 affected by, likely to be affected by or likely to be interested in the matter or proceeding. Meetings shall be subject to the
41 Freedom of Information Act, §§ 10001-10005 of this title.

42 (e) The Commission shall have the power and it shall be the Commission's duty to act upon any application for a
43 license to operate as a video lottery agent or sports lottery agent. Any license granted pursuant to this section is a privilege
44 personal to the agent and not a legal right. A license granted or renewed pursuant to this section may not be transferred or
45 assigned to another person, nor may a license be pledged as collateral.

46 (1) The Commission may license a qualified person, business, organization or entity which owns or
47 operates a property on which it is, or will be prior to operation, licensed to sell spirits, wine or beer as a restaurant,
48 tavern or taproom pursuant to Title 4, and which satisfies such fitness and background standards as the Director
49 may promulgate pursuant to §4805(a)(16) of this title, to operate a sports lottery on that property as a sports lottery
50 agent. No more than ten persons, businesses, organizations or entities shall be licensed as sports lottery agents
51 pursuant to this subsection at any time, and the determination of how many licenses to offer within that limitation
52 shall be subject to the discretion of the Commission.

53 (2) The Commission may license a qualified person, business, organization or entity which satisfies such
54 fitness and background standards as the Director may promulgate pursuant to §4805(a)(16) of this title to operate a
55 video lottery as a video lottery agent. Video lottery agents operating on December 31, 2008 shall remain licensed,
56 subject to the remainder of this chapter, and need not file an application with the Commission. In addition to those
57 video lottery agents operating on December 31, 2008, there shall be no more than three persons, businesses,
58 organizations or entities licensed as video lottery agents pursuant to this subsection at any time, and the
59 determination of how many licenses to offer within those limitations shall be subject to the discretion of the
60 Commission.

61 (3) In considering license applications pursuant to this section, the Commission shall consider whether
62 and to what extent the applicant's proposal would foster economic growth in Delaware, would promote increased
63 employment in Delaware, would result in a net revenue gain to the State, would effect the surrounding community,
64 would effect the area businesses, reflects a sound business plan, has or is likely to have any necessary financing,
65 and is not subject to contingencies. The Commission shall also consider whether to impose an appropriate license
66 fee to be paid into the State's General Fund and the amount of that license fee, if any.

67 (4) Change of ownership of the licensed business, organization or entity occurring after the Commission
68 has issued a license shall automatically terminate the license 90 days thereafter unless the Commission has
69 determined after application to issue a license to the new owner(s) because the new owner(s) have met the
70 requirements of §4806(a)(1)-(4) and (b) of this title and satisfied such fitness and background standards as the
71 Director may promulgate pursuant to §4805(a)(16) of this title. For purposes of this subsection, a "change of
72 ownership" shall have occurred if more than 20 percent of the legal or beneficial interests in such person,
73 corporation or association shall be transferred, whether by direct or indirect means."

74 Section 2. Amend §4801, Title 29 of the Delaware Code by deleting subsection (b)(2) in its entirety and by
75 substituting in lieu thereof new subsections (b)(2) and (b)(3) to read:

76 "(2) Promote economic growth by expanding State lottery facilities in a manner that generates the greatest
77 possible income for the State and fosters job creation and economic development; and

78 (3) Restrict access to the video lottery and sports lottery to persons at least 21 years of age and promote
79 responsible gaming through the treatment, education and assistance of compulsive gamblers and their families."

80 Section 3. Amend §4803, Title 29 of the Delaware Code by deleting subsection (k) in its entirety and by
81 substituting in lieu thereof new subsections (k) – (o) to read:

82 (k) 'Credit Slip' shall mean the receipt generated by a video lottery terminal or sports lottery machine when a
83 player is finished playing that particular video lottery terminal or sports lottery machine.

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

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

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

92 (o) 'Commission' shall mean the Video and Sports Lottery Licensing Commission."

93 Section 4. Amend §4805(a), Title 29 of the Delaware Code by deleting "video lottery machines" and by
94 substituting in lieu thereof "the video lottery and sports lottery".

95 Section 5. Amend §4805(a), Title 29 of the Delaware Code by deleting subsections (12)-(14) in their entirety and
96 by substituting in lieu thereof new subsections to read:

97 "(12) Such other matters necessary or desirable for the efficient and economical operation and administration of
98 the game and for the convenience of the purchasers of tickets and the holders of winning tickets and the players of the video
99 lottery and sports lottery;

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

101 (14) At the direction of the Commission, licensing of agents for video lotteries and sports lotteries;"

102 Section 6. Amend §4805(a), Title 29 of the Delaware Code by deleting subsections (16)-(22) in their entirety and
103 by substituting in lieu thereof new subsections to read:

104 "(16) A licensure requirement and enforcement procedure (taking no more than 90 days to complete, unless
105 extenuating circumstances require a longer period in which case the Director and the State shall act with all deliberate speed
106 to complete the process) for officers, directors, key employees, video lottery operations employees, sports lottery operations
107 employees, and persons who own directly or indirectly 10% or more of such agent, which licensure requirement shall
108 include the satisfaction of such security, fitness and background standards as the Director may deem necessary relating to
109 competence, honesty and integrity, such that a person's reputation, habits and associations do not pose a threat to the public
110 interest of the State or to the reputation of or effective regulation and control of the lottery; it being specifically understood
111 that any person convicted of any felony, a crime involving gambling or a crime of moral turpitude within 10 years prior to

112 applying for a license hereunder or at any time thereafter shall be deemed unfit. The Delaware State Police shall conduct
113 the security, fitness and background checks required under this rule or regulation. It shall be the obligation of the video
114 lottery agent and sports lottery agent to notify the Director on a continuing basis of any change in officers, partners,
115 directors, key employees, video lottery operations employees, sports lottery operations employees and persons who own,
116 directly or indirectly, 10% or more of such entity;

117 (17) A licensure requirement and enforcement procedure (taking no more than 90 days to complete, unless
118 extenuating circumstances require a longer period in which case the Director and the State shall act with all deliberate speed
119 to complete the process) for those persons or entities, including lottery machine manufacturers, who propose to contract
120 with a video lottery agent, sports lottery agent, or the State for the provision of goods or services including management
121 services, which licensure requirements shall include the satisfaction of such security, fitness and background standards for
122 officers, directors, key employees, video lottery operations employees, sports lottery operations employees, and persons
123 who own directly or indirectly 10% or more of such entity, as the Director may deem necessary relating to competence,
124 honesty and integrity, such that a person's reputation, habits and associations do not pose a threat to the public interest of
125 the State or to the reputation of or effective regulations and control of the lottery; it being specifically understood that any
126 person convicted of any felony, a crime involving gambling or a crime of moral turpitude within 10 years prior to applying
127 for a license hereunder or at any time thereafter shall be deemed unfit. The Director may determine whether the licensing
128 standards of another state are comprehensive, thorough and provide similar adequate safeguards and, if so, may, in the
129 Director's discretion, license an applicant already licensed in such state without the necessity of a full application and
130 background check. The Delaware State Police shall conduct the security, fitness and background checks required under this
131 rule or regulation. It shall be the obligation of any licensed entity, including technology providers, to notify the Director on
132 a continuing basis of any change in officers, partners, directors, key employees, video lottery operations employees, sports
133 lottery operations employees, and persons who own, directly or indirectly, 10% or more of such entity;

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

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

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

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

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

145 Section 7. Amend §4805(a)(24), Title 29 of the Delaware Code by adding the words "or sports lottery agent" after
146 each occurrence of "video lottery agent" and by deleting the word "video" when it appears in subsection (a)(24)c2.

147 Section 8. Amend §4805(a), Title 29 of the Delaware Code by deleting subsection (25) in its entirety and by
148 substituting in lieu thereof a new subsection (25) to read:

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

158 Section 9. Amend §4805(a), Title 29 of the Delaware Code by adding thereto a new subsection to read:

159 "(26) Type and number of sports lottery games to be conducted, the price or prices for any sports lottery games,
160 the rules for any sports lottery games, and the payout and manner of compensation to be paid to winners of sports lottery
161 games."

162 Section 10. Amend §4805(b), Title 29 of the Delaware Code by deleting subsection (2) in its entirety and by
163 substituting in lieu thereof a new subsection (2) to read:

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

168 Section 11. Amend §4805(b), Title 29 of the Delaware Code by deleting subsection (13) in its entirety and by re-
169 numbering sub-sections (14) and (15) as (13) and (14).

170 Section 12. Amend §4805, Title 29 of the Delaware Code by deleting subsection (c) in its entirety and by
171 substituting in lieu thereof a new subsection (c) to read:

172 "(c) Any license granted pursuant to chapter may be revoked or suspended for cause upon 30 days' written notice
173 to the licensee or due to a change in ownership as set forth in §4826(e)(4), but shall otherwise not be subject to expiration
174 or termination. "Cause" shall by way of example and not by limitation include falsifying any application for license or
175 report required by the rules and regulations, the failure to report any information required by the rules and regulations, the
176 material violation of any rules and regulations promulgated by the Director, the failure to remit any license fees or other
177 amounts due to the State, or any conduct by the licensee which undermines the public confidence in the lottery system or
178 serves the interest of organized gambling or crime and criminals in any manner. A license may be revoked for an
179 unintentional violation of any federal, state or local law, rule or regulation provided that the violation is not cured within a
180 reasonable time as determined by the Director; or a longer period where the video lottery agent or sports lottery agent has
181 made diligent efforts to cure. A license to operate as a sports lottery agent may be revoked upon the cancellation or
182 suspension of the license to sell spirits, wine or beer on the property pursuant to Title 4. The Secretary of Finance shall
183 within a reasonable time, if requested, appoint a hearing officer to hold a hearing to determine whether the license should
184 be revoked or suspended. The hearing officer's decision revoking or suspending the license shall be appealable to the
185 Superior Court under the provisions of the Administrative Procedures Act. Any decision of the Director relating to the
186 business plan of a licensee or the number of video lottery machines to be awarded to video lottery agents under § 4820(b)
187 of this title shall be appealable under the Administrative Procedures Act in the manner of a case decision. Notwithstanding
188 the foregoing, nothing in this subsection shall otherwise prohibit the termination or revocation of a license in accordance
189 with the rules and regulations adopted hereunder."

190 Section 13. Amend §4807, Title 29 of the Delaware Code by adding the words "or a sports lottery agent" after
191 "video lottery agent" and before "as the case may be."

192 Section 14. Amend §4815, Title 29 of the Delaware Code by deleting subsection (b)(2) in its entirety and by
193 substituting in lieu thereof a new subsection (b)(2) to read:

194 "(2) Proceeds returned to the State. -- Of amounts remaining after all payments to players under paragraph (1) of
195 this subsection, there shall be returned to the State thirty-eight percent of average daily win and the funds on each credit slip
196 that has not been presented for redemption within 1 year from the date the slip is issued.

197 The funds retained by the State Lottery shall be applied as follows: first, to the administrative costs and
198 expenses in respect of the video lottery including, but not limited to, administrative expenses including payroll and
199 other employment costs attributable to the operation of the video lottery by the State Lottery Office, law-

200 enforcement and security expenses, including payroll and other employment costs of the State Lottery, the office
201 of the Attorney General and the Delaware State Police, attributable to the operation by the State Lottery of a video
202 lottery; second, \$1,000,000 or 1%, whichever is greater, of the proceeds distributed under (b)(2)a.--d. of this
203 section, to the Division of Substance Abuse and Mental Health of the Department of Health and Social Services
204 for funding programs for the treatment, education and assistance of compulsive gamblers and their families; third,
205 costs of the Administrator of Racing and racing inspectors referenced in Chapters 100 and 101 of Title 3; and
206 fourth, the remainder shall be paid into the State's General Fund."

207 Section 15. Amend §4815(b)(3), Title 29 of the Delaware Code by deleting subsection a. in its entirety and by
208 substituting in lieu thereof a new subsection a. to read:

209 "a. Additional state proceeds -- The State shall receive an additional 12.27% of the proceeds remaining after
210 payments made under paragraph (1) of this subsection from the proceeds attributable to licensees which conducted 40 or
211 fewer (but at least 1) days of live harness horse races during 1992, 12.59% of such proceeds of licensees which conducted
212 more than 40 days of live harness racing during 1992 or which conduct thoroughbred racing under Title 28, 12.73% of such
213 proceeds of licensees which conduct thoroughbred horse racing pursuant to Chapter 101 of Title 3, and 12.59% of such
214 proceeds of video lottery agents licensed pursuant to §4819(a)(2). From these proceeds, the State shall pay for all costs of
215 equipment (both video lottery machines and related equipment), whether leased or owned by the State, used or under the
216 control of such agent and the cost of the central computer used to monitor the equipment used by the agent, provided that
217 the video lottery agents shall reimburse the State for additional equipment costs for the operation of video lottery machines
218 that require the payment of an additional license or proprietary fee as provided under paragraph (b)(3)d. of this section.
219 The State shall also pay \$750,000 of the proceeds received under this section from licensees under this chapter which
220 conduct live harness horse racing to fund the State's contribution to the Delaware Standardbred Breeder's Program. Said
221 amount is to be allocated equally as of January 1st of the calendar year among existing licensees which conduct live harness
222 horse racing, but moneys shall not be expended for the program until such time as a plan has been approved pursuant to
223 paragraph (b)(3)b.2.D. of this section. Effective July 1, 2008, the State shall also pay \$250,000 of the proceeds received
224 under this section from a licensee under this chapter which conducts live thoroughbred horse racing to fund the State's
225 contribution to the Delaware Certified Thoroughbred Program (DCTP). Said amount shall be allocated as of January 1 of
226 each calendar year to the existing licensee which conducts live thoroughbred horse racing, but moneys shall not be
227 expended for the program until such time as a plan has been approved pursuant to paragraph (b)(3)b.1. of this section.
228 Moneys remaining after payment of all costs of equipment and central computer monitoring shall be deposited to the
229 General Fund of the State."

230 Section 16. Amend §4815(b)(3)b1, Title 29 of the Delaware Code by striking the words "10% of the proceeds
231 remaining after payments made under paragraph (b)(1) of this section." and substituting in lieu thereof the words "9% of
232 the proceeds remaining after payments made under paragraph (b)(1) of this section."

233 Section 17. Amend §4815(b)(3)b2A, Title 29 of the Delaware Code by striking the words "10% of the proceeds"
234 and substituting in lieu thereof the words "9% of the proceeds".

235 Section 18. Amend §4815(b)(3)b2B, Title 29 of the Delaware Code by striking the words "10% of the first \$
236 25,000 in proceeds" and substituting in lieu thereof the words "9% the first \$ 25,000 in proceeds".

237 Section 19. Amend §4815(b)(3)b2B, Title 29 of the Delaware Code by striking the words "20% of such remaining
238 proceeds" and substituting in lieu thereof the words "19% of such remaining proceeds".

239 Section 20. Amend §4815(b)(3)b2C, Title 29 of the Delaware Code by striking the words "20% of the proceeds"
240 and substituting in lieu thereof the words "19% of the proceeds".

241 Section 21. Amend §4815(b)(3)b, Title 29 of the Delaware Code by adding thereto a new subsection to read:

242 "5. For video lottery agents licensed pursuant to §4819(a)(2), the preceding sub-paragraphs 1. - 4. shall
243 not apply and such agents shall return to the State an amount calculated as follows: 9% of the proceeds remaining
244 after payments made under paragraph (b)(1) of this section."

245 Section 22. Amend §4815, Title 29 of the Delaware Code by adding thereto a new subsection to read:

246 "(c) All proceeds, net of proceeds returned to players and the State's operating expenses and vendor fees,
247 from the operation of the sports lottery shall be electronically transferred daily or weekly at the discretion of the
248 Lottery Director into a designated State Lottery account by the agent, and transferred to the State Lottery Fund by
249 the Lottery on a daily or weekly basis. Proceeds from the sports lottery, less the amounts returned to winning
250 players and the State's operating expenses and vendor fees, shall be returned to the State at a rate of 50% of the
251 total win so experienced. The Director, by regulation shall adopt accounting procedures for the sports lottery in
252 order to accommodate the differences between the sports lottery and the video lottery. Administrative costs and
253 expenses incurred for the initiation of the sports lottery and the costs of the equipment shall be solely the
254 responsibility of the agent granted the license to operate as a sports lottery agent by Commission. The provisions
255 of § 4815(b) shall not apply to the proceeds from any licensed sports lottery operation."

256 Section 23. Amend §4819, Title 29 of the Delaware Code by deleting subsection (a) in its entirety and by
257 substituting in lieu thereof a new subsection (a) to read:

258 "(a) Video lottery machines shall only be located:

259 (1) Within the confines of an existing racetrack property in this State on which was conducted
260 in 1993 either a horse racing meet pursuant to Title 3 or Title 28 or a harness horse racing meet pursuant
261 to Title 3 and/or such immediately adjacent property or properties that are owned by, or immediately
262 adjacent properties that may be acquired by, the video lottery licensee authorized to conduct such horse
263 racing or harness racing; and provided further, that video lottery machines shall not be located in a hotel,
264 motel or other overnight sleeping facility; and

265 (2) At any other property in the State, other than those authorized in subsection (1), for which a
266 license to operate as a video lottery agent has been granted pursuant to this chapter by the Commission."

267 Section 24. Amend §4820, Title 29 of the Delaware Code by deleting subsection (a) in its entirety and by
268 substituting in lieu thereof a new subsection (a) to read:

269 "(a) All video lottery machines and sports lottery machines shall be owned or leased by the State and shall be
270 obtained from manufacturers licensed under §4805(a)(17) of this title. All video lottery machines and sports lottery
271 machines shall be leased or purchased under the procedures set forth in Chapter 69 of this title. Any video lottery agent or
272 sports lottery agent must file with the Director a copy of any current or proposed agreement or disclose any other
273 relationship between the agent, its parents, subsidiaries, related entities, directors, officers or key employees for the sale,
274 lease, maintenance, repair or other assignment to the agent's facility of video lottery machines or sports lottery machines, or
275 any other relationship with any vendor, manufacturer or other party which stands to benefit financially from the possession
276 or use of video lottery machines or sports lottery machines by such agent. Failure to file such information shall constitute
277 grounds for the revocation or suspension of a license. The lottery may own or lease video lottery machines pursuant to this
278 subsection that require the payment of an additional license or proprietary fees and the number of such license or
279 proprietary fee machines at any licensed video lottery agent may not exceed more than 5% of the total number of video
280 lottery machines at the licensed racetrack property unless the Director finds that an additional number of such machines are
281 necessary to increase revenues, will not produce reductions in the overall net proceeds from the video lottery, will protect
282 the public welfare, and will ensure the security of the video lottery."

283 Section 25. Amend §4820(b), Title 29 of the Delaware Code by deleting the words "racetrack property" and
284 "racetrack" wherever they appear and by substituting in lieu thereof the words "licensed property".

285 Section 26. Amend §4820, Title 29 of the Delaware Code by deleting subsections (c)-(f) in their entirety and by
286 substituting in lieu thereof new subsections (c)-(g) to read:

287 "(c) Upon submission by a sports lottery agent of a proposed plan for the lease or purchase of sports lottery
288 machines in accordance with procedures to be established by the Director, the Lottery Director shall lease or purchase the

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

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

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

300 (f) Each video lottery agent and sports lottery agent shall hold the Director and this State harmless from and
301 defend and pay for the defense of any and all claims which may be asserted against the Director, the State or the employees
302 thereof, arising from the participation in the video lottery system; specifically excluding, however, any claims arising from
303 the negligence or willful misconduct of the Director, the State or the employees thereof.

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

309 Section 27. Amend § 4822, Title 29 of the Delaware Code by deleting the words "racetrack property" and by
310 substituting in lieu thereof the words "video lottery agent and sports lottery agent".

311 Section 28. This Act shall become effective May 1, 2009 or 14 days after it becomes law, whichever is later.

312 Section 29. If any provision of this Act or the application thereof to any person or circumstance is held invalid,
313 such invalidity shall not affect other provisions or applications of the Act which can be given effect without the invalid
314 provision or application, and to that end the provisions of this Act are declared to be severable.

SYNOPSIS

This bill requires the Lottery Director to use his or her authority to reestablish a sports lottery, which will enhance the Delaware Lottery, protect Delaware employment, help Delaware and its lottery meet new competition, and provide additional revenues for the State. The bill is intended to provide a significant additional source of revenue to the State. The sports lottery excludes collegiate sporting events that involve a Delaware college or university. Persons under the age of 21 will not be allowed to participate in the sports lottery. The sports lottery excludes collegiate sporting events that involve a Delaware college or university.

The bill would take advantage of an exemption granted to the State of Delaware under federal law, namely the Professional and Amateur Sports Protection Act, which allows the states of Delaware, Nevada, Oregon, and Montana to engage in sports betting. This bill would authorize the conduct of a sports lottery at video lottery facilities and up to ten additional sports lottery facilities, which must be licensed restaurants, taverns, or taprooms. Proceeds from the conduct of a sports lottery would be divided equally between the sports lottery agent and the State.

The bill also recognizes the substantial economic contributions to the State by video lottery agents with respect to entertainment, gaming, and horse racing facilities, as well as with respect to job creation, and will expand the contribution of video lottery operations to the State by authorizing up to three additional video lottery agents. The bill also increases the share of video lottery proceeds received by the State to make that share comparable to the amounts received by surrounding states.

The bill would create the Video and Sports Lottery Licensing Commission, which would be responsible for granting licenses to sports lottery agents and video lottery agents. The Commission would be composed of appointees of the President Pro Tempore of the State Senate, the Speaker of the House of Representatives, the Minority Leader of the State Senate, the Minority Leader of the House of Representatives, the Director of the Delaware Economic Development Office, the Secretary of Finance and an appointee of the Governor.