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 Unless continued by the general assembly, this part 2 is repealed, effective July 1, 2013, but not September 1, 2022, and those powers, duties, and functions of the director specified in this part 2 are abolished.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 alters the normal criteria of random selection which affects the operation, 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

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(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 submit to and pay for any background investigations as may be ordered by the commission. 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 license granted pursuant to this article may be revoked for any cause that would have prevented its issuance, including those causes set forth in sections 12-47.1-510 and 12-47.1-801.

(b) Any license granted pursuant to this article may be suspended or revoked for any violation by the licensee or an officer, director, agent, member, or employee of 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 of 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 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:

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12-47.1-820. Persons in supervisory positions - unlawful acts - rules. It is unlawful for any dealer, floorperson, or any other employee who serves in a supervisory position to solicit or accept any tip or gratuity from any player or patron at the premises 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 dealer is conducting play, subject to the provisions of this section. All such 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 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 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 person, in playing or using any limited gaming activity designed to be played with, to receive, or to be operated by chips, 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
result 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.

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
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 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 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 fiscal year, all unexpended and unencumbered funds...
moneys in the gambling addiction account shall remain in the account and shall not revert to the general fund or any other fund or account.

(III) This paragraph (a.5) is repealed, effective July 1, 2013. Any moneys remaining in the gambling addiction account on June 30, 2013, shall be transferred to the limited gaming impact account on August 31, 2022.

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 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 manufacturer or distributor of slot machines, or associated equipment, or related equipment shall knowingly, without notification being
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.

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John P. Morse          Mark Ferrandino
PRESIDENT OF            SPEAKER OF THE HOUSE
THE SENATE             OF REPRESENTATIVES

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APPROVED________________________________________

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John W. Hickenlooper
GOVERNOR OF THE STATE OF COLORADO