

House Bill 1197

By: Representatives Powell of the 33rd, Jasperse of the 11th, Wilkerson of the 38th, Oliver of the 84th, Carpenter of the 4th, and others

A BILL TO BE ENTITLED
AN ACT

1 To amend Chapter 27 of Title 50 of the Official Code of Georgia Annotated, the "Georgia
2 Lottery for Education Act," so as to authorize certain billiards and darts tournaments and the
3 prizes therefor; to provide for definitions; to provide for the promulgation of certain rules and
4 regulations; to provide that progressive discipline shall be used to sanction violations; to
5 require the Georgia Lottery Corporation to provide certain data; to provide that appeals from
6 the decision of a hearing officer of the corporation shall be to the Metro Atlanta Business
7 Case Division of the Superior Court of Fulton County; to provide for the resolution of certain
8 disputes between master licensees and location owners or location operators; to provide for
9 an effective date; to provide for related matters; to repeal conflicting laws; and for other
10 purposes.

11 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

12 style="text-align:center">**SECTION 1.**

13 Chapter 27 of Title 50 of the Official Code of Georgia Annotated, the "Georgia Lottery for
14 Education Act," is amended in Code Section 50-27-71, relating to license fees, issuance of
15 license, display of license, control number, duplicate certificates, application for license or
16 renewal, and penalty for noncompliance, by adding a new subsection to read as follows:

H. B. 1197

17 "(p)(1) As used in this subsection, the term:

18 (A) 'Billiards' shall have the same meaning set forth in paragraph (3) of Code
19 Section 43-8-1.

20 (B) 'Darts' means any one of the games played with two or more players who, using
21 their bare hands, throw small sharp pointed missiles which are known as darts at a
22 target which is known as a dartboard to accumulate points.

23 (2) A location owner or a location operator shall be authorized to conduct billiards or
24 darts tournaments on the premises for which such licensee has a contract for the
25 installation of bona fide coin operated amusement machines. Such tournaments may be
26 conducted on bona fide coin operated amusement machines or noncoin operated devices.
27 The licensee may award prizes to the winners of such tournaments, but such prizes shall
28 be limited to gift cards or other forms of noncash redemption.

29 (3) The corporation shall be authorized to promulgate such rules and regulations as are
30 necessary to implement the provisions of this subsection."

31 **SECTION 2.**

32 Said chapter is further amended by revising paragraph (2) of subsection (a) of Code
33 Section 50-27-71.1, relating to gift cards and redemption, and adding a new subsection to
34 read as follows:

35 "(2) On and after July 1, 2026:

36 (A) Only replays and nonreloadable and reloadable gift cards shall be allowed as a
37 legal form of redemption for Class A machines in addition to any other form of
38 redemption allowed by law or authorized by the corporation; and

39 (B) Only replays, lottery products, and nonreloadable and reloadable gift cards shall
40 be allowed as a legal form of redemption for Class B machines and no other form of
41 redemption shall be allowed. Any location owner or location operator that provides for
42 the redemption of products or services, other than replays and lottery products, that are

43 not on a gift card shall, in addition to any other penalties provided by law, receive a
44 warning for the first violation and shall be punished by civil penalties for any
45 subsequent violations that shall be imposed by the corporation in amounts that are
46 proportional to any amounts inappropriately redeemed; provided, however, that nothing
47 in this subparagraph shall be construed to eliminate or reduce any administrative
48 penalty related to a violation of Code Section 16-12-35. Discipline shall be progressive
49 in nature to include a warning on the first offense; a fine on the second offense; a
50 suspension and fine on the third offense; and a suspension, revocation, fine, or
51 combination thereof on the fourth and subsequent offenses. All violations considered
52 in one enforcement action shall constitute a single violation for the purpose of assessing
53 disciplinary penalties."

54 "(e) Not later than July 1, 2027, the corporation in conjunction with and in cooperation
55 with the Bona Fide Coin Operated Amusement Machine Operator Advisory Board shall
56 implement a system for location owners and location operators to track and report to the
57 corporation the number and amounts of each form of lottery product issued as noncash
58 redemption for successful plays of bona fide coin operated amusement machines. Such
59 tracking shall be performed through a digital accounting and point of sale system or other
60 systems. The data to be reported shall be included in the reports under Code
61 Section 50-27-84 and shall include, but not be limited to, the number and amounts of each
62 form of lottery product issued as noncash redemption for successful plays of bona fide coin
63 operated amusement machines, gift cards, and replays."

64 **SECTION 3.**

65 Said chapter is further amended by revising subsection (c) of Code Section 50-27-73, relating
66 to refusal to issue or renew license, revocation or suspension, hearing, and limitation on
67 issuance of licenses, as follows:

68 "(c)(1) The corporation may refuse to issue or renew a manufacturer, distributor, or
69 master license or may revoke or suspend a manufacturer, distributor, or master license
70 issued under this chapter if:

71 (1)(A) The licensee or applicant has intentionally violated a provision of this chapter
72 or a regulation promulgated under this chapter;

73 (2)(B) The licensee or applicant has intentionally failed to provide requested
74 information or answer a question, intentionally made a false statement in or in
75 connection with his or her application or renewal, or omitted any material or requested
76 information;

77 (3)(C) The licensee or applicant used coercion to accomplish a purpose or to engage
78 in conduct regulated by the corporation;

79 (4)(D) A master licensee or applicant allows the use of its master license certificate or
80 per machine permit stickers by any other business entity or person that owns or operates
81 bona fide coin operated amusement machines available for commercial use and
82 available to the public for play. If such unauthorized use occurs, the corporation may
83 fine the licensee as follows:

84 (A)(i) One thousand dollars for each improper use of a per machine permit sticker;
85 and

86 (B)(ii) Twenty-five thousand dollars for each improper use of a master license
87 certificate.

88 In addition, the corporation is authorized to seize the machines in question and assess
89 the master license and permit fees as required by law and to assess the costs of such
90 seizure to the owner or operator of the machines;

91 (5)(E) Failure to suspend or revoke the license would be contrary to the intent and
92 purpose of this article;

93 (6)(F) The licensee or applicant has engaged in unfair methods of competition and
94 unfair or deceptive acts or practices as provided in Code Section 50-27-87.1; or

95 ~~(7)(G)~~ Any applicant, or any person, firm, corporation, legal entity, or organization
 96 having any interest in any operation for which an application has been submitted, fails
 97 to meet any obligations imposed by the tax laws or other laws or regulations of this
 98 state.

99 (2) Except as provided in subparagraph (D) of paragraph (1) of this subsection, discipline
 100 shall be progressive in nature to include a warning on the first offense; a fine on the
 101 second offense; a suspension and fine on the third offense; and a suspension, revocation,
 102 fine, or combination thereof on the fourth and subsequent offenses. All violations
 103 considered in one enforcement action shall constitute a single violation for the purpose
 104 of assessing disciplinary penalties."

105 **SECTION 4.**

106 Said chapter is further amended by revising Code Section 50-27-76, relating to judicial
 107 review of action by corporation or chief executive officer, as follows:

108 "50-27-76.

109 (a) Appeal by an affected person from all actions of the corporation ~~or chief executive~~
 110 ~~officer~~ shall be to the Metro Atlanta Business Case Division of the Superior Court of
 111 Fulton County. The review shall be conducted by the court and shall be confined to the
 112 record.

113 (b) The court shall not substitute its judgment for that of the corporation ~~or chief executive~~
 114 ~~officer~~ as to the weight of the evidence on questions of fact committed to the discretion of
 115 the corporation ~~or chief executive officer~~. The court may affirm the decision of the
 116 corporation ~~or chief executive officer~~ in whole or in part; the court shall reverse or remand
 117 the case for further proceedings if substantial rights of the appellant have been prejudiced
 118 because the corporation's ~~or chief executive officer's~~ findings, inferences, conclusions, or
 119 decisions are:

120 (1) In violation of constitutional or statutory provisions;

- 121 (2) In excess of the statutory authority of the corporation ~~or chief executive officer~~;
- 122 (3) Made upon unlawful procedures;
- 123 (4) Affected by other error of law;
- 124 (5) Not reasonably supported by substantial evidence in view of the reliable and
- 125 probative evidence in the record as a whole; or
- 126 (6) Arbitrary or capricious or characterized by abuse of discretion or clearly unwarranted
- 127 exercise of discretion."

128 **SECTION 5.**

129 Said chapter is further amended by revising subsection (c) of Code Section 50-27-81, relating

130 to administration of article, as follows:

131 "(c) The chief executive officer ~~may~~ shall delegate to an authorized ~~representative~~ any

132 hearing officer the authority given to the chief executive officer by this article, including

133 the conduct of investigations, imposing of fees and fines, and the holding of hearings."

134 **SECTION 6.**

135 Said chapter is further amended by revising subsection (a) of Code Section 50-27-82, relating

136 to criminal violations, investigations, seizure and confiscation of machines, repossession, and

137 sealing of machines, as follows:

138 "(a) If any owner or operator of any bona fide coin operated amusement machine in this

139 state shall violate any provision of this article or any rule and regulation promulgated under

140 this article, the corporation may investigate the violation and may seek sanctions, including

141 late fees of \$50.00 for failure to pay timely permit sticker fees, \$125.00 for failure to pay

142 timely the master license fee, suspension or revocation of a license, seizure of equipment,

143 interest penalty, and debarment for repeat offenders. Discipline shall be progressive in

144 nature to include a warning on the first offense; a fine on the second offense; a suspension

145 and fine on the third offense; and a suspension, revocation, fine, or combination thereof on

146 the fourth and subsequent offenses. All violations considered in one enforcement action
 147 shall constitute a single violation for the purpose of assessing disciplinary penalties."

148 **SECTION 7.**

149 Said chapter is further amended by revising subsection (a) of Code Section 50-27-85, relating
 150 to penalties for violations by location owners or operators, as follows:

151 "(a)(1) Except as specifically provided in this article, for single or repeated violations of
 152 this article by a location owner or location operator who offers one or more bona fide
 153 coin operated amusement machines for play by the public, the corporation may impose
 154 the following penalties on such a location owner or location operator:

155 ~~(1)~~(A) A civil fine in an amount specified in rules and regulations promulgated in
 156 accordance with this article; or

157 ~~(2)~~(B) For a third or subsequent offense, a suspension or revocation of the privilege of
 158 offering one or more bona fide coin operated amusement machines for play by the
 159 public.

160 (2) Discipline shall be progressive in nature to include a warning on the first offense; a
 161 fine on the second offense; a suspension and fine on the third offense; and a suspension,
 162 revocation, fine, or combination thereof on the fourth and subsequent offenses. All
 163 violations considered in one enforcement action shall constitute a single violation for the
 164 purpose of assessing disciplinary penalties."

165 **SECTION 8.**

166 Said chapter is further amended by revising paragraphs (1) and (5) of subsection (c) of Code
 167 Section 50-27-102, relating to role of corporation, implementation and certification,
 168 separation of funds and accounting, and disputes, as follows:

169 "(c)(1) As a condition of the license issued pursuant to this article, no master licensee or
 170 location owner or location operator shall replace or remove a Class A machine or Class B

171 machine from a location until the master licensee and location owner or location operator
172 certify to the corporation that there are no disputes regarding any agreement, distribution
173 of funds, or other claim between the master licensee and location owner or location
174 operator; provided, however, that this certification shall not be required if a master
175 licensee is replacing its own Class A machine or Class B machine at a location. If either
176 the master licensee or location owner or location operator is unable to make the
177 certification required by this Code section, the corporation shall refer the dispute to a
178 hearing officer as set forth in this subsection. If a master licensee certifies that there is
179 a dispute with a location owner or location operator, which certification causes the
180 continued generation of revenue from the master licensee's Class A or Class B machine
181 subject to the alleged dispute pending a decision on the dispute, and, after the hearing
182 officer's or court's determination, the location owner or location operator is the prevailing
183 party and the hearing officer or court finds that the action was brought by the master
184 licensee without substantial justification or was brought for delay or harassment, the
185 hearing officer or court shall, in addition to any other remedy provided for in this article,
186 order that any revenues received by or due to the master licensee as a result of the master
187 licensee's certification of the dispute shall not be kept by the master licensee but shall be
188 paid to the corporation and the hearing officer or court shall also award the costs of the
189 proceeding and attorney fees to the location owner or location operator and against the
190 master licensee. However, if, after the hearing officer's or court's determination, the
191 master licensee is the prevailing party and the hearing officer or court finds that the action
192 was defended by the location owner or location operator without substantial justification
193 or was defended for delay or harassment, the hearing officer or court shall, in addition to
194 any other remedy provided for in this article, order that any revenues received by or due
195 to the location owner or location operator as a result of the master licensee's certification
196 of the dispute shall not be kept by the location owner or location operator but shall be
197 paid to the corporation and the hearing officer or court shall also award the costs of the

198 proceeding and attorney fees to the master licensee and against the location owner or
199 location operator. As used in this paragraph, the term 'without substantial justification'
200 means substantially frivolous, substantially groundless, or substantially vexatious.
201 Applicants for licenses shall submit all disputes against existing or previous licensees
202 under this article, including master licensees, location owners, location operators,
203 manufacturers, and distributors, to a hearing officer under this paragraph."

204 ~~"(5) The decision of the hearing officer may be appealed to the chief executive officer~~
205 ~~or his or her designee Metro Atlanta Business Case Division of the Superior Court of~~
206 ~~Fulton County. The ~~chief executive officer court~~ shall not reverse a finding of fact of the~~
207 ~~hearing officer if any evidence supports the hearing officer's conclusion. The ~~chief~~~~
208 ~~~~executive officer court~~ shall not reverse a conclusion of law of the hearing officer unless~~
209 ~~it was clearly erroneous, arbitrary, and capricious or exceeded the hearing officer's~~
210 ~~jurisdiction. The decision of the chief executive officer may be appealed to the Superior~~
211 ~~Court of Fulton County, which court shall not reverse the chief executive officer's~~
212 ~~findings of fact unless it is against the weight of the evidence as set forth in Code Section~~
213 ~~5-5-21, and the chief executive officer's legal conclusions shall not be set aside unless~~
214 ~~there is an error of law."~~

215 **SECTION 9.**

216 This Act shall become effective upon its approval by the Governor or upon its becoming law
217 without such approval.

218 **SECTION 10.**

219 All laws and parts of laws in conflict with this Act are repealed.