

The House Committee on Regulated Industries offers the following substitute to SB 254:

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 clarify the definition of what constitutes a bona fide coin operated
4 amusement machine and a Class A machine; to provide limitations on who may receive
5 proceeds from the play of bona fide coin operated amusement machines; to provide for
6 definitions; to provide for the promulgation of certain rules and regulations; to provide that
7 progressive discipline shall be used to sanction violations; to require the Georgia Lottery
8 Corporation to provide certain data; to provide that appeals from the decision of a hearing
9 officer of the corporation shall be to the Metro Atlanta Business Case Division of the
10 Superior Court of Fulton County; to provide for the resolution of certain disputes between
11 master licensees and location owners or location operators; to provide for an effective date;
12 to provide for related matters; to repeal conflicting laws; and for other purposes.

13 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

S. B. 254 (SUB)

SECTION 1.

14

15 Chapter 27 of Title 50 of the Official Code of Georgia Annotated, the "Georgia Lottery for
16 Education Act," is amended in Code Section 50-27-70, relating to legislative findings and
17 definitions, by revising subparagraph (b)(2)(A) and paragraph (3) of subsection (b) as
18 follows:

19 "(A) 'Bona fide coin operated amusement machine' means every machine of any kind
20 or character used by the public to provide amusement or entertainment whose operation
21 requires the payment of or the insertion of a coin, bill, other money, token, ticket, card,
22 or similar object and the result of whose operation depends in whole or in part upon the
23 skill of the player, whether or not it affords an award to a successful player pursuant to
24 subsections (b) through (g) of Code Section 16-12-35, and which can be legally shipped
25 interstate according to federal law and notwithstanding the fact that the machine may
26 be used for other functions or operations unrelated to such amusement or entertainment
27 purposes. Examples of bona fide coin operated amusement machines include, but are
28 expressly not limited to, the following:

- 29 (i) Pinball machines;
- 30 (ii) Console machines;
- 31 (iii) Video games;
- 32 (iv) Crane machines;
- 33 (v) Claw machines;
- 34 (vi) Pusher machines;
- 35 (vii) Bowling machines;
- 36 (viii) Novelty arcade games;
- 37 (ix) Foosball or table soccer machines;
- 38 (x) Miniature racetrack, football, or golf machines;
- 39 (xi) Target or shooting gallery machines;
- 40 (xii) Basketball machines;

- 41 (xiii) Shuffleboard games;
42 (xiv) Kiddie ride games;
43 (xv) Skee-ball machines;
44 (xvi) Air hockey machines;
45 (xvii) Roll down machines;
46 (xviii) Trivia machines;
47 (xix) Laser games;
48 (xx) Simulator games;
49 (xxi) Virtual reality machines;
50 (xxii) Maze games;
51 (xxiii) Racing games;
52 (xxiv) Coin operated pool tables or coin operated billiard tables as defined in
53 paragraph (3) of Code Section 43-8-1; and
54 (xxv) Any other similar amusement machine which can be legally operated in
55 Georgia.

56 The term also means a machine of any kind or character used by the public to provide
57 music whose operation requires the payment of or the insertion of a coin, bill, other
58 money, token, ticket, card, or similar object such as jukeboxes or other similar types of
59 music machines."

60 "(3) 'Class A machine' means a bona fide coin operated amusement machine that is not
61 a Class B machine, does not allow a successful player to carry over points won on one
62 play to a subsequent play or plays, and:

- 63 (A) Provides no reward to a successful player;
64 (B) Rewards a successful player only with free replays or additional time to play;
65 (C) Rewards a successful player with noncash merchandise, prizes, toys, gift
66 certificates, or novelties in compliance with the provisions of subsection (c) or
67 paragraph (1) of subsection (d) of Code Section 16-12-35, and does not reward a

68 successful player with any item prohibited as a reward in subsection (i) of Code Section
69 16-12-35 or any reward redeemable as an item prohibited as a reward in subsection (i)
70 of Code Section 16-12-35;

71 (D) Rewards a successful player with points, tokens, tickets, or other evidence of
72 winnings that may be exchanged only for items listed in subparagraph (C) of this
73 paragraph; or

74 (E) Rewards a successful player with any combination of items listed in
75 subparagraphs (B), (C), and (D) of this paragraph.

76 Notwithstanding the provisions of Code Section 16-12-35 or any other Code section to
77 the contrary, the permitted noncash redemption award per play for a Class A machine
78 shall not exceed a wholesale value of \$50.00 if the redemption is for a prize, toy, or
79 novelty that can be redeemed directly from such machine. If a machine rewards players
80 with reloadable or nonreloadable gift cards pursuant to Code Section 50-27-71.1 directly
81 from such machine or rewards players with tickets or other evidence of winning which
82 can be redeemed for reloadable or nonreloadable gift cards or which may be otherwise
83 redeemed for any approved redemption external to such machine, the permitted noncash
84 redemption award per play shall not exceed a wholesale value of \$2.00 per play of such
85 machine. Any coin operated amusement machine that provides redemptions that are not
86 in accordance with this paragraph shall be designated as a Class B machine and shall be
87 subject to all requirements of Class B machines set forth in this article."

88 **SECTION 2.**

89 Said chapter is further amended in Code Section 50-27-71, relating to license fees, issuance
90 of license, display of license, control number, duplicate certificates, application for license
91 or renewal, and penalty for noncompliance, by adding new subsections to read as follows:

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

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

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

98 (2) A location owner or a location operator shall be authorized to conduct billiards or
99 darts tournaments on the premises for which such licensee has a contract for the
100 installation of bona fide coin operated amusement machines. Such tournaments may be
101 conducted on bona fide coin operated amusement machines or noncoin operated devices.
102 The licensee may award prizes to the winners of such tournaments, but such prizes shall
103 be limited to gift cards or other forms of noncash redemption. No other licensee shall
104 participate in the organization or conducting of such billiards or darts tournaments nor
105 shall any other licensee make contributions to or finance, in whole or in part, such
106 billiards or darts tournaments.

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

109 (q) No person holding a manufacturer's license or distributor's license shall receive any
110 proceeds from the play of Class A or Class B bona fide coin operated amusement machines
111 unless such person also holds a master license. With the exception of the corporation, only
112 persons holding a master license, an employee of such master license holder, a location
113 owner, or a location operator may receive proceeds from the play of such machines."

114 **SECTION 3.**

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

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

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

122 (B) Only replays, lottery products, and nonreloadable and reloadable gift cards shall
123 be allowed as a legal form of redemption for Class B machines and no other form of
124 redemption shall be allowed. Any location owner or location operator that provides for
125 the redemption of products or services, other than replays and lottery products, that are
126 not on a gift card shall, in addition to any other penalties provided by law, receive a
127 warning for the first violation and shall be punished by civil penalties for any
128 subsequent violations that shall be imposed by the corporation in amounts that are
129 proportional to any amounts inappropriately redeemed; provided, however, that nothing
130 in this subparagraph shall be construed to eliminate or reduce any administrative
131 penalty related to a violation of Code Section 16-12-35. Discipline shall be progressive
132 in nature to include a warning on the first offense; a fine on the second offense; a
133 suspension and fine on the third offense; and a suspension, revocation, fine, or
134 combination thereof on the fourth and subsequent offenses. All violations considered
135 in one enforcement action shall constitute a single violation for the purpose of assessing
136 disciplinary penalties."

137 "(e) Not later than July 1, 2027, the corporation in conjunction with and in cooperation
138 with the Bona Fide Coin Operated Amusement Machine Operator Advisory Board shall
139 undertake a study of and make written recommendations to the General Assembly on the
140 following subject matters:

141 (1) The number and amounts of each form of lottery product issued as noncash
142 redemption for successful plays of bona fide coin operated amusement machines;

143 (2) The number and amounts of gift cards and replays redeemed for successful plays of
144 bona fide coin operated amusement machines;

145 (3) The nature and amount of tampering with bona fide coin operated amusement
 146 machines by location licensees and other third parties; and
 147 (4) The number and amounts of unredeemed winnings for successful plays of bona fide
 148 coin operated amusement machines."

149 **SECTION 4.**

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

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

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

158 ~~(2)~~(B) The licensee or applicant has intentionally failed to provide requested
 159 information or answer a question, intentionally made a false statement in or in
 160 connection with his or her application or renewal, or omitted any material or requested
 161 information;

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

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

169 ~~(A)~~(i) One thousand dollars for each improper use of a per machine permit sticker;
 170 and

171 ~~(B)~~(ii) Twenty-five thousand dollars for each improper use of a master license
 172 certificate.

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

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

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

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

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

190 **SECTION 5.**

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

193 "50-27-76.

194 (a) Appeal by an affected person from all actions of the corporation ~~or chief executive~~
 195 ~~officer~~ shall be to the Metro Atlanta Business Case Division of the Superior Court of

196 Fulton County. The review shall be conducted by the court and shall be confined to the
197 record.

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

- 205 (1) In violation of constitutional or statutory provisions;
206 (2) In excess of the statutory authority of the corporation ~~or chief executive officer~~;
207 (3) Made upon unlawful procedures;
208 (4) Affected by other error of law;
209 (5) Not reasonably supported by substantial evidence in view of the reliable and
210 probative evidence in the record as a whole; or
211 (6) Arbitrary or capricious or characterized by abuse of discretion or clearly unwarranted
212 exercise of discretion."

213 **SECTION 6.**

214 Said chapter is further amended by revising subsection (c) of Code Section 50-27-81, relating
215 to administration of article, as follows:

216 "(c) The chief executive officer ~~may~~ shall delegate to an authorized ~~representative~~ ~~any~~
217 hearing officer the authority given to the chief executive officer by this article, including
218 the conduct of investigations, imposing of fees and fines, and the holding of hearings."

219 **SECTION 7.**

220 Said chapter is further amended by revising subsection (a) of Code Section 50-27-82, relating
 221 to criminal violations, investigations, seizure and confiscation of machines, repossession, and
 222 sealing of machines, as follows:

223 "(a) If any owner or operator of any bona fide coin operated amusement machine in this
 224 state shall violate any provision of this article or any rule and regulation promulgated under
 225 this article, the corporation may investigate the violation and may seek sanctions, including
 226 late fees of \$50.00 for failure to pay timely permit sticker fees, \$125.00 for failure to pay
 227 timely the master license fee, suspension or revocation of a license, seizure of equipment,
 228 interest penalty, and debarment for repeat offenders. Discipline shall be progressive in
 229 nature to include a warning on the first offense; a fine on the second offense; a suspension
 230 and fine on the third offense; and a suspension, revocation, fine, or combination thereof on
 231 the fourth and subsequent offenses. All violations considered in one enforcement action
 232 shall constitute a single violation for the purpose of assessing disciplinary penalties."

233 **SECTION 8.**

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

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

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

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

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

250 **SECTION 9.**

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

254 "(c)(1) As a condition of the license issued pursuant to this article, no master licensee or
255 location owner or location operator shall replace or remove a Class A machine or Class B
256 machine from a location until the master licensee and location owner or location operator
257 certify to the corporation that there are no disputes regarding any agreement, distribution
258 of funds, or other claim between the master licensee and location owner or location
259 operator; provided, however, that this certification shall not be required if a master
260 licensee is replacing its own Class A machine or Class B machine at a location. If either
261 the master licensee or location owner or location operator is unable to make the
262 certification required by this Code section, the corporation shall refer the dispute to a
263 hearing officer as set forth in this subsection. If a master licensee certifies that there is
264 a dispute with a location owner or location operator, which certification causes the
265 continued generation of revenue from the master licensee's Class A or Class B machine
266 subject to the alleged dispute pending a decision on the dispute, and, after the hearing
267 officer's or court's determination, the location owner or location operator is the prevailing
268 party and the hearing officer or court finds that the action was brought by the master
269 licensee without substantial justification or was brought for delay or harassment, the
270 hearing officer or court shall, in addition to any other remedy provided for in this article,

271 order that any revenues received by or due to the master licensee as a result of the master
272 licensee's certification of the dispute shall not be kept by the master licensee but shall be
273 paid to the corporation and the hearing officer or court shall also award the costs of the
274 proceeding and attorney fees to the location owner or location operator and against the
275 master licensee. However, if, after the hearing officer's or court's determination, the
276 master licensee is the prevailing party and the hearing officer or court finds that the action
277 was defended by the location owner or location operator without substantial justification
278 or was defended for delay or harassment, the hearing officer or court shall, in addition to
279 any other remedy provided for in this article, order that any revenues received by or due
280 to the location owner or location operator as a result of the master licensee's certification
281 of the dispute shall not be kept by the location owner or location operator but shall be
282 paid to the corporation and the hearing officer or court shall also award the costs of the
283 proceeding and attorney fees to the master licensee and against the location owner or
284 location operator. As used in this paragraph, the term 'without substantial justification'
285 means substantially frivolous, substantially groundless, or substantially vexatious.
286 Applicants for licenses shall submit all disputes against existing or previous licensees
287 under this article, including master licensees, location owners, location operators,
288 manufacturers, and distributors, to a hearing officer under this paragraph."

289 ~~"(5) The decision of the hearing officer may be appealed to the chief executive officer~~
290 ~~or his or her designee Metro Atlanta Business Case Division of the Superior Court of~~
291 ~~Fulton County. The chief executive officer court shall not reverse a finding of fact of the~~
292 ~~hearing officer if any evidence supports the hearing officer's conclusion. The chief~~
293 ~~executive officer court shall not reverse a conclusion of law of the hearing officer unless~~
294 ~~it was clearly erroneous, arbitrary, and capricious or exceeded the hearing officer's~~
295 ~~jurisdiction. The decision of the chief executive officer may be appealed to the Superior~~
296 ~~Court of Fulton County, which court shall not reverse the chief executive officer's~~
297 ~~findings of fact unless it is against the weight of the evidence as set forth in Code Section~~

298 ~~5-5-21, and the chief executive officer's legal conclusions shall not be set aside unless~~
299 ~~there is an error of law."~~

300 **SECTION 10.**

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

303 **SECTION 11.**

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