

First Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 13-0141.01 Jennifer Berman x3286

SENATE BILL 13-173

SENATE SPONSORSHIP

Kerr and Nicholson,

HOUSE SPONSORSHIP

Pabon,

Senate Committees
Finance

House Committees

A BILL FOR AN ACT

101 CONCERNING THE CONTINUATION OF THE DIVISION OF GAMING, AND,
102 IN CONNECTION THEREWITH, IMPLEMENTING THE
103 RECOMMENDATIONS IN THE 2012 SUNSET REPORT BY THE
104 DEPARTMENT OF REGULATORY AGENCIES.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

Sunset Process - Senate Finance Committee. The bill implements the recommendations of the department of regulatory

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

agencies' review of the division of gaming (division) within the department of revenue by:

- ! Continuing the division for 9 years, until 2022;
- ! Amending certain definitions to make it clear that electronic versions of games and gaming equipment are permitted;
- ! Creating a new type of license to be issued to suppliers of equipment used remotely or directly in connection with gaming, including equipment used to monitor, collect, or report gaming transactions data or to calculate adjusted gross proceeds and gaming taxes, and defining terms related to the new type of license;
- ! Redefining "vintage slot machine" to exclude slot machines introduced on the market before 1984 but fitted with component parts manufactured in 1984 or thereafter;
- ! Requiring the Colorado limited gaming control commission (commission) to promulgate rules concerning the conditions under which the division may authorize a retail gaming license applicant to own or possess slot machines;
- ! Permitting the commission to promulgate rules regarding procedures for depositing and accounting for tips or gratuities;
- ! Clarifying that the statute concerning possession of slot machines includes retailers among the persons who may legally possess slot machines; and
- ! Making conforming amendments.

The bill also makes technical changes to portions of the "Colorado Limited Gaming Act", including:

- ! Removing from the considerations the commission is required to take into account in setting the gaming tax on adjusted gross proceeds of gaming the consideration of other "for-profit" forms of gambling in Colorado;
- ! Allowing a licensee to offer a new game or technology without the commission's prior approval if offering the game or technology in compliance with the commission's rules regarding field trials of new games or technology;
- ! Authorizing the commission to promulgate rules concerning the redemption of chips to replace the requirement that a licensee issue a check to a patron redeeming surrendered chips in any amount over twenty-five dollars; and
- ! Updating the provision concerning limited gaming events sponsored by charitable organizations to reflect the vote at local elections held in the cities of Central, Black Hawk,

and Cripple Creek in November 2008 to expand the hours of operation for limited gaming.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **amend** 12-47.1-206
3 as follows:

4 **12-47.1-206. Repeal of division - review of functions.** Unless
5 continued by the general assembly, this part 2 is repealed, effective ~~July~~
6 ~~1, 2013~~ SEPTEMBER 1, 2022, and those powers, duties, and functions of
7 the director specified in this part 2 are abolished. The provisions of
8 section 24-34-104 (5) to (12), C.R.S., concerning a wind-up period, an
9 analysis and evaluation, public hearings, and claims by or against an
10 agency ~~shall~~ apply to the powers, duties, and functions of the director of
11 ~~said~~ THE division.

12 **SECTION 2.** In Colorado Revised Statutes, 12-47.1-103, **amend**
13 (10), (19), and (26) (b) (I); and **add** (2.3) and (2.5) as follows:

14 **12-47.1-103. Definitions.** As used in this article, unless the
15 context otherwise requires:

16 (2.3) (a) "ASSOCIATED EQUIPMENT" MEANS A DEVICE, PIECE OF
17 EQUIPMENT, OR SYSTEM USED REMOTELY OR DIRECTLY IN CONNECTION
18 WITH GAMING OR ANY GAME. THE TERM INCLUDES A DEVICE, PIECE OF
19 EQUIPMENT, OR SYSTEM USED TO MONITOR, COLLECT, OR REPORT GAMING
20 TRANSACTIONS DATA OR TO CALCULATE ADJUSTED GROSS PROCEEDS AND
21 GAMING TAXES.

22 (b) "ASSOCIATED EQUIPMENT" DOES NOT INCLUDE EQUIPMENT
23 THAT MEETS THE DEFINITION OF A "GAMING DEVICE" OR "GAMING
24 EQUIPMENT" IN SUBSECTION (10) OF THIS SECTION.

25 (2.5) "ASSOCIATED EQUIPMENT SUPPLIER" MEANS A PERSON WHO

1 IMPORTS, MANUFACTURES, DISTRIBUTES, OR OTHERWISE PROVIDES
2 ASSOCIATED EQUIPMENT FOR USE IN COLORADO. THE TERM DOES NOT
3 INCLUDE A PERSON LICENSED AS A SLOT MACHINE MANUFACTURER OR
4 DISTRIBUTOR UNDER PART 5 OF THIS ARTICLE.

5 (10) "Gaming device" or "gaming equipment" means any
6 equipment or mechanical, electromechanical, or electronic contrivance,
7 component, or machine used remotely or directly in connection with
8 gaming or any game. The term includes a system for processing
9 information ~~which~~ THAT can alter the normal criteria of random selection
10 ~~which affects~~ AFFECTING the operation, ~~of any game~~ or ~~which determines~~
11 DETERMINING the outcome, of a game. The term includes A PHYSICAL OR
12 ELECTRONIC VERSION OF a slot machine, poker table, blackjack table,
13 craps table, roulette table, dice, and the cards used to play poker and
14 blackjack.

15 (19) "Limited card games and slot machines", "limited gaming",
16 or "gaming" means PHYSICAL AND ELECTRONIC VERSIONS OF slot
17 machines, craps, roulette, and the card games of poker and blackjack
18 ~~which are~~ authorized by this article and defined and regulated by the
19 commission, each game having a maximum single bet of one hundred
20 dollars.

21 (26) (b) "Slot machine" does not include:

22 (I) A vintage slot machine ~~models which were~~ MODEL THAT:

23 (A) WAS introduced on the market ~~prior to~~ BEFORE 1984;

24 (B) DOES NOT CONTAIN COMPONENT PARTS MANUFACTURED IN
25 1984 OR THEREAFTER; and ~~are~~

26 (C) IS not used for gambling purposes or in connection with
27 limited gaming; or

1 **SECTION 3.** In Colorado Revised Statutes, 12-47.1-501, **amend**
2 (1) introductory portion; and **add** (1) (f) as follows:

3 **12-47.1-501. Licenses - types - rules.** (1) The commission may
4 issue ~~five~~ SIX types of licenses as follows:

5 (f) **Associated equipment supplier license.** AN ASSOCIATED
6 EQUIPMENT SUPPLIER LICENSE IS REQUIRED FOR A PERSON WHO IMPORTS,
7 MANUFACTURES, OR DISTRIBUTES ASSOCIATED EQUIPMENT IN THIS STATE,
8 OR WHO OTHERWISE ACTS AS AN ASSOCIATED EQUIPMENT SUPPLIER. SLOT
9 MACHINE MANUFACTURERS OR DISTRIBUTORS WHO ARE LICENSED IN THIS
10 STATE AND WHO IMPORT, MANUFACTURE, OR DISTRIBUTE ASSOCIATED
11 EQUIPMENT NEED NOT OBTAIN A SEPARATE ASSOCIATED EQUIPMENT
12 SUPPLIER LICENSE. EACH LICENSE ISSUED UNDER THIS PARAGRAPH (f)
13 EXPIRES TWO YEARS AFTER THE DATE OF ITS ISSUANCE BUT MAY BE
14 RENEWED UPON THE FILING AND APPROVAL OF AN APPLICATION FOR
15 RENEWAL. THE COMMISSION SHALL PROMULGATE RULES TO ESTABLISH
16 THE FEES FOR AN INITIAL LICENSE AND RENEWAL LICENSES.

17 **SECTION 4.** In Colorado Revised Statutes, **amend** 12-47.1-505
18 as follows:

19 **12-47.1-505. Operator, slot machine manufacturer or**
20 **distributor, associated equipment supplier, key employee, support**
21 **licensee, or retailer - qualifications for licensure.** ~~Prior to a person's~~
22 ~~licensure~~ BEFORE OBTAINING A LICENSE as an operator, slot machine
23 manufacturer or distributor, ASSOCIATED EQUIPMENT SUPPLIER, key
24 employee, support licensee, or retailer, ~~such person shall~~, in addition to
25 meeting ~~any~~ other requirements ~~imposed by~~ OF this article OR RULES OF
26 the commission, ~~or any rule or regulation promulgated pursuant to this~~
27 ~~article~~, AN APPLICANT MUST show that he OR SHE is of good moral

1 character. ~~Such person~~ AN APPLICANT has the burden of proving his OR
2 HER qualifications to the satisfaction of the commission. ~~Such person~~
3 ~~shall~~ THE APPLICANT MUST submit to and pay for ~~any~~ background
4 investigations ~~as may be ordered by~~ the commission MAY ORDER. All
5 such payments shall be deposited into the limited gaming fund CREATED
6 IN SECTION 12-47.1-701.

7 **SECTION 5.** In Colorado Revised Statutes, 12-47.1-525, **amend**
8 (1) (a) and (1) (b) introductory portion; and **add** (1) (b) (I.5) as follows:

9 **12-47.1-525. Suspension or revocation of license - grounds -**
10 **penalties.** (1) (a) ~~Any~~ THE COMMISSION MAY REVOKE A license granted
11 pursuant to this article ~~may be revoked~~ for any cause that would have
12 prevented its issuance OF THE LICENSE, including ~~those~~ THE causes set
13 forth in sections 12-47.1-510 and 12-47.1-801.

14 (b) ~~Any~~ THE COMMISSION MAY SUSPEND OR REVOKE A license
15 granted pursuant to this article ~~may be suspended or revoked~~ for ~~any~~ A
16 violation by the licensee or ~~any~~ AN officer, director, agent, member, or
17 employee of ~~a~~ THE licensee, AFTER NOTICE TO THE LICENSEE, THE
18 OPPORTUNITY FOR A HEARING, AND UPON PROOF BY A PREPONDERANCE OF
19 THE EVIDENCE AS DETERMINED BY THE COMMISSION. VIOLATIONS THAT
20 MAY WARRANT LICENSE SUSPENSION OR REVOCATION INCLUDE
21 VIOLATIONS of this article, any rule promulgated by the commission, any
22 provision of part 6 of article 35 of title 24, C.R.S., or any rule
23 promulgated by the executive director ~~of the department of revenue~~
24 pursuant to section 24-35-607 (3), C.R.S., or ~~for~~ conviction of a crime.
25 ~~after notice to the licensee and a hearing upon proof by a preponderance~~
26 ~~of the evidence as determined by the commission.~~ In addition to
27 revocation or suspension, or in lieu of revocation or suspension, the

1 commission may impose a reprimand or a monetary penalty not to exceed
2 the following amounts:

3 (I.5) IF THE LICENSEE IS AN ASSOCIATED EQUIPMENT SUPPLIER,
4 THE AMOUNT OF TWENTY-FIVE THOUSAND DOLLARS;

5 **SECTION 6.** In Colorado Revised Statutes, 12-47.1-601, **amend**
6 (1) introductory portion and (1) (d) as follows:

7 **12-47.1-601. Gaming tax.** (1) There is hereby imposed a gaming
8 tax on the adjusted gross proceeds of gaming allowed by this article. The
9 tax ~~shall be~~ IS set by rule AS promulgated by the commission. ~~In no event~~
10 THE COMMISSION shall NOT SET the tax ~~exceed~~ AT MORE THAN forty
11 percent of the adjusted gross proceeds. In setting the tax rate, the
12 commission shall consider the need to provide moneys to the cities of
13 Central, Black Hawk, and Cripple Creek for historic restoration and
14 preservation; the impact on the communities and any state agency,
15 including ~~but not limited to~~, infrastructure, law enforcement,
16 environment, public health and safety, education requirements, human
17 services, and other components due to limited gaming; the impact on
18 licensees and the profitability of their operations; ~~the profitability of the~~
19 ~~other "for-profit" forms of gambling in this state~~; the profitability of
20 similar forms of gambling in other states; and the expenses of the
21 commission and the division for their administration and operation. The
22 commission shall also consider the following:

23 (d) IN SETTING the amount, THE COMMISSION shall take into
24 account profit levels after expenses of ~~other "for profit" gaming in~~
25 ~~Colorado and~~ similar forms of gaming in other states;

26 **SECTION 7.** In Colorado Revised Statutes, 12-47.1-818, **amend**
27 (2) as follows:

1 **12-47.1-818. Approval of rules for certain games.** (2) ~~No~~ A
2 licensee shall NOT offer poker, blackjack, craps, or roulette, or any
3 variation game ~~thereof~~ OF POKER, BLACKJACK, CRAPS, OR ROULETTE,
4 without prior approval of the game by the commission, EXCEPT AS
5 SPECIFICALLY AUTHORIZED IN THE COMMISSION'S RULES REGARDING FIELD
6 TRIALS OF NEW GAMES OR TECHNOLOGY.

7 **SECTION 8.** In Colorado Revised Statutes, **amend** 12-47.1-819
8 as follows:

9 **12-47.1-819. Exchange - redemption of chips - unlawful acts.**

10 It is unlawful for ~~any~~ A person to exchange or redeem chips for anything
11 whatsoever, except currency, negotiable personal checks, negotiable
12 counter checks, or other chips. A licensee shall, upon the request of ~~any~~
13 A person, redeem ~~that~~ THE licensee's gaming chips surrendered by that
14 person ~~in any amount over twenty-five dollars with a check drawn upon~~
15 ~~the licensee's account at any banking institution in this state and made~~
16 ~~payable to that person~~ PURSUANT TO RULES ESTABLISHED BY THE
17 COMMISSION.

18 **SECTION 9.** In Colorado Revised Statutes, **amend** 12-47.1-820
19 as follows:

20 **12-47.1-820. Persons in supervisory positions - unlawful acts**

21 **- rules.** It is unlawful for ~~any~~ A dealer, ~~floorman~~ FLOORPERSON, or ~~any~~
22 ~~other~~ OTHER employee who serves in a supervisory position to solicit or
23 accept ~~any~~ A tip or gratuity from ~~any~~ A player or patron at the ~~premises~~
24 LICENSED GAMING ESTABLISHMENT where he OR SHE is employed;
25 EXCEPT THAT A dealer may ~~however,~~ accept tips or gratuities from a
26 patron at the table at which ~~such~~ THE dealer is conducting play, subject
27 to ~~the provisions of this section.~~ ~~All such~~ EXCEPT AS THE COMMISSION

1 MAY AUTHORIZE BY RULE, A DEALER SHALL IMMEDIATELY DEPOSIT tips
2 or gratuities ~~shall be immediately deposited~~ in a lockbox reserved for that
3 purpose, accounted for and placed in a pool for distribution based upon
4 criteria established in advance by the licensed retailer.

5 **SECTION 10.** In Colorado Revised Statutes, 12-47.1-823,
6 **amend** (1) introductory portion and (1) (g) as follows:

7 **12-47.1-823. Fraudulent acts.** (1) It is unlawful for ~~any~~ A
8 person:

9 (g) To manipulate, with the intent to cheat, any component of a
10 gaming device in a manner contrary to the designed and normal
11 operational purpose for the component, ~~including, but not limited to,~~
12 ~~varying the pull of the handle of a slot machine,~~ with knowledge that the
13 manipulation affects the outcome of the game or with knowledge of ~~any~~
14 AN event that affects the outcome of the game;

15 **SECTION 11.** In Colorado Revised Statutes, 12-47.1-825,
16 **amend** (2) introductory portion as follows:

17 **12-47.1-825. Use of counterfeit or unapproved chips or tokens**
18 **or unlawful coins or devices - possession of certain unlawful devices,**
19 **equipment, products, or materials.** (2) It is unlawful for ~~any~~ A person,
20 in playing or using ~~any~~ A limited gaming activity designed to be played
21 with, to receive, or to be operated by chips, ~~or~~ tokens, OR OTHER
22 WAGERING INSTRUMENTS approved by the commission or by lawful coin
23 of the United States of America:

24 **SECTION 12.** In Colorado Revised Statutes, 12-47.1-826,
25 **amend** (1) introductory portion and (1) (b) as follows:

26 **12-47.1-826. Cheating game and devices.** (1) It is unlawful for
27 ~~any~~ A person playing ~~any~~ A licensed game in licensed gaming premises

1 to:

2 (b) Knowingly deal, conduct, carry on, operate, or expose for play
3 ~~any~~ A PHYSICAL OR ELECTRONIC VERSION OF A game ~~or games~~ played
4 with PHYSICAL OR ELECTRONIC cards or ~~any~~ A mechanical device, or any
5 combination of games or devices, ~~which~~ THAT have ~~in any manner~~ been
6 marked or tampered with or placed in a condition or operated in a manner
7 ~~the result of which~~ THAT tends to deceive the public or ~~tends to~~ alter the
8 normal random selection of characteristics or the normal chance of the
9 game, ~~which~~ OR THAT could determine or alter the result of the game.

10 **SECTION 13.** In Colorado Revised Statutes, 12-47.1-902,
11 **amend** (1) introductory portion and (1) (b) as follows:

12 **12-47.1-902. Terms of sponsorship.** (1) All limited gaming
13 events sponsored by charitable organizations pursuant to this part 9 ~~shall~~
14 MUST, in addition to all the other requirements of this article, meet the
15 following conditions:

16 (b) A one-day sponsored event ~~shall~~ MUST, for purposes of this
17 part 9, begin at 8 a.m. ~~on one day~~ and end at ~~2~~ 8 a.m. ~~on~~ the following
18 day. For purposes of this section, no event ~~shall be~~ IS considered as less
19 than a one-day event; except that a retailer may devote less than one full
20 day to a charitable event.

21 **SECTION 14.** In Colorado Revised Statutes, **amend**
22 12-47.1-1103 as follows:

23 **12-47.1-1103. Ownership or possession of slot machines -**
24 **rules.** Notwithstanding any other laws of this state to the contrary, ~~the~~
25 ~~possession of~~ IF A LICENSED SLOT MACHINE MANUFACTURER, SLOT
26 MACHINE DISTRIBUTOR, OPERATOR, RETAILER, OR A RETAIL GAMING
27 LICENSE APPLICANT COMPLIES WITH ALL OF THE PROVISIONS OF THIS

1 ARTICLE AND THE RULES PROMULGATED UNDER THIS ARTICLE, HE OR SHE
2 MAY LEGALLY OWN, POSSESS, OR OWN AND POSSESS slot machines in this
3 state; ~~by licensed manufacturers, distributors, and operators is legal if all~~
4 ~~the requirements, conditions, and provisions of this article and the rules~~
5 ~~and regulations promulgated pursuant to this article are met and complied~~
6 ~~with. However,~~ EXCEPT THAT nothing in this section shall be deemed to
7 authorize or permit any AUTHORIZES THE use of slot machines for any
8 purpose ~~except as~~ OTHER THAN THE PURPOSES specifically authorized ~~and~~
9 ~~provided for~~ in this article and the rules ~~and regulations~~ promulgated
10 pursuant to UNDER this article. THE COMMISSION SHALL PROMULGATE
11 RULES CONCERNING THE CONDITIONS UNDER WHICH THE DIVISION MAY
12 AUTHORIZE A RETAIL GAMING LICENSE APPLICANT TO OWN, POSSESS, OR
13 OWN AND POSSESS SLOT MACHINES IN THIS STATE BEFORE OBTAINING A
14 RETAIL GAMING LICENSE.

15 **SECTION 15.** In Colorado Revised Statutes, 24-34-104, **amend**
16 (44) introductory portion and (53.5) introductory portion; **repeal** (44) (f);
17 and **add** (53.5) (c) as follows:

18 **24-34-104. General assembly review of regulatory agencies**
19 **and functions for termination, continuation, or reestablishment.**

20 (44) The following agencies, functions, or both, shall terminate on July
21 1, 2013:

22 (f) ~~The division of gaming, created by part 2 of article 47.1 of title~~
23 ~~12, C.R.S.;~~

24 (53.5) The following agencies, functions, or both, shall terminate
25 on September 1, 2022:

26 (c) THE DIVISION OF GAMING, CREATED BY PART 2 OF ARTICLE 47.1
27 OF TITLE 12, C.R.S.;

1 **SECTION 16.** In Colorado Revised Statutes, 12-47.1-827,
2 **amend** (2) introductory portion as follows:

3 **12-47.1-827. Unlawful manufacture, sale, distribution,**
4 **marking, altering, or modification of equipment and devices**
5 **associated with limited gaming - unlawful instruction.** (2) It is
6 unlawful to mark, alter, or otherwise modify ~~any associated~~ RELATED
7 equipment or A limited gaming device in a manner that:

8 **SECTION 17.** In Colorado Revised Statutes, 12-47.1-835,
9 **amend** (1) introductory portion as follows:

10 **12-47.1-835. Financial interest restrictions.** (1) ~~No~~ A
11 manufacturer or distributor of slot machines, ~~or~~ associated EQUIPMENT,
12 OR RELATED equipment shall NOT knowingly, without ~~notification being~~
13 ~~provided to~~ NOTIFYING the division within ten days:

14 **SECTION 18.** In Colorado Revised Statutes, 18-20-111, **amend**
15 (2) introductory portion as follows:

16 **18-20-111. Unlawful manufacture, sale, distribution, marking,**
17 **altering, or modification of equipment and devices related to limited**
18 **gaming - unlawful instruction.** (2) It is unlawful to mark, alter, or
19 otherwise modify ~~any associated~~ RELATED equipment or A limited gaming
20 device in a manner that:

21 **SECTION 19. Effective date.** This act takes effect July 1, 2013.

22 **SECTION 20. Safety clause.** The general assembly hereby finds,
23 determines, and declares that this act is necessary for the immediate
24 preservation of the public peace, health, and safety.