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Chapter No. 410
13/HR40/R1438SG
EW / 607

HOUSE BILL NO. 974

Originated in House _____ Clerk

HOUSE BILL NO. 974

AN ACT TO CLARIFY THAT THE OPERATION OF "INTERNET SWEEPSTAKES CAFES" IS AN ILLEGAL GAMBLING ACTIVITY UNDER STATE LAW; TO MAKE IT UNLAWFUL FOR ANY PERSON OR ENTITY TO OPERATE AN ELECTRONIC VIDEO MONITOR THAT IS OFFERED TO A PERSON TO PLAY IN A SIMULATED GAMBLING PROGRAM IN RETURN FOR DIRECT OR INDIRECT CONSIDERATION THAT MAY MAKE THE PLAYER ELIGIBLE TO WIN CERTAIN PRIZES; TO SET FORTH A PENALTY FOR VIOLATIONS OF THE ACT; TO PROVIDE EXCEPTIONS TO THE ACT; TO AMEND SECTIONS 97-33-1, 97-33-7, 97-33-9 AND 75-76-5, MISSISSIPPI CODE OF 1972, IN CONFORMITY TO THE PROVISIONS OF THIS ACT; AND FOR RELATED PURPOSES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

SECTION 1. (1) The provisions of this section are intended to clarify that the operation of "Internet sweepstakes cafes" is an illegal gambling activity under state law.

(2) It shall be unlawful for any person or entity to possess, own, control, display, operate or have a financial interest in an electronic video monitor that:

(a) Is offered or made available to a person to play or participate in a simulated gambling program in return for direct or indirect consideration, including consideration associated with

a product, service or activity other than the simulated gambling program; and

(b) The person who plays or participates in the simulated gambling program may become eligible to win, redeem or otherwise obtain a cash or cash-equivalent prize, whether or not the eligibility for or value of the prize is determined by or has any relationship to the outcome or play of the program.

(3) As used in this section, the following words and phrases shall have the meanings ascribed in this subsection, unless the context clearly indicates otherwise:

(a) "Simulated gambling program" means any method intended to be used by a person playing, participating or interacting with an electronic video monitor that is offered by another person or entity; that directly or indirectly implements the predetermination of a cash or cash-equivalent prize, or otherwise connects the player with the cash or cash-equivalent prize; and that is not legal under the Mississippi Gaming Control Act.

(b) "Consideration associated with a product, service or activity other than the simulated gambling program" means money or other value collected for a product, service or activity that is offered in any direct or indirect relationship to playing or participating in the simulated gambling program. The term includes consideration paid for Internet access or computer time, or a sweepstakes entry.

(c) "Electronic video monitor" means any unit, mechanism, computer or other terminal, or device that is capable of displaying moving or still images.

(4) Any person or entity violating the provisions of this section, upon conviction, shall be guilty of a misdemeanor and fined not more than One Thousand Dollars ($1,000.00) or imprisoned for not less than one (1) year, or both.

(5) The provisions of this section shall not apply to:

(a) Any lawful activity that is conducted for the primary purpose of entertaining children under the age of eighteen (18) years, during which money is paid for a token or chip that is used to play an electronic or other game, with the winner of the game earning tickets that can be exchanged for prizes;

(b) Any lawful marketing promotion, contest, prize or sweepstakes that is designed to attract consumer attention to a specific product or service which is offered for sale by the manufacturer, distributor, vendor or retailer of the product or service; or

(c) Any promotional activity as defined in Section 75-76-5 that is conducted by a gaming licensee.

SECTION 2. Section 97-33-1, Mississippi Code of 1972, is amended as follows:

97-33-1. <u>Except as otherwise provided in Section 1 of this act,</u> if any person shall encourage, promote or play at any game, play or amusement, other than a fight or fighting match between

dogs, for money or other valuable thing, or shall wager or bet, promote or encourage the wagering or betting of any money or other valuable things, upon any game, play, amusement, cockfight, Indian ball play or duel, other than a fight or fighting match between dogs, or upon the result of any election, event or contingency whatever, upon conviction thereof, he shall be fined in a sum not more than Five Hundred Dollars ($500.00); and, unless such fine and costs be immediately paid, shall be imprisoned for any period not more than ninety (90) days. However, this section shall not apply to betting, gaming or wagering:

(a) On a cruise vessel as defined in Section 27-109-1 whenever such vessel is in the waters within the State of Mississippi, which lie adjacent to the State of Mississippi south of the three (3) most southern counties in the State of Mississippi, including the Mississippi Sound, St. Louis Bay, Biloxi Bay and Pascagoula Bay, and in which the registered voters of the county in which the port is located have not voted to prohibit such betting, gaming or wagering on cruise vessels as provided in Section 19-3-79;

(b) In a structure located, in whole or in part, on shore in any of the three (3) most southern counties in the State of Mississippi in which the registered voters of the county have voted to allow such betting, gaming or wagering on cruise vessels as provided in Section 19-3-79, if:

(i) The structure is owned, leased or controlled by a person possessing a gaming license, as defined in Section 75-76-5, to conduct legal gaming on a cruise vessel under paragraph (a) of this section;

(ii) The part of the structure in which licensed gaming activities are conducted is located entirely in an area which is located no more than eight hundred (800) feet from the mean high-water line (as defined in Section 29-15-1) of the waters within the State of Mississippi, which lie adjacent to the State of Mississippi south of the three (3) most southern counties in the State of Mississippi, including the Mississippi Sound, St. Louis Bay, Biloxi Bay and Pascagoula Bay, or, with regard to Harrison County only, no farther north than the southern boundary of the right-of-way for U.S. Highway 90, whichever is greater; and

(iii) In the case of a structure that is located in whole or part on shore, the part of the structure in which licensed gaming activities are conducted shall lie adjacent to state waters south of the three (3) most southern counties in the State of Mississippi, including the Mississippi Sound, St. Louis Bay, Biloxi Bay and Pascagoula Bay. When the site upon which the structure is located consists of a parcel of real property, easements and rights-of-way for public streets and highways shall not be construed to interrupt the contiguous nature of the parcel, nor shall the footage contained within the easements and

rights-of-way be counted in the calculation of the distances specified in subparagraph (ii) * * *;

(c) On a vessel as defined in Section 27-109-1 whenever such vessel is on the Mississippi River or navigable waters within any county bordering on the Mississippi River, and in which the registered voters of the county in which the port is located have not voted to prohibit such betting, gaming or wagering on vessels as provided in Section 19-3-79; or

(d) That is legal under the laws of the State of Mississippi.

SECTION 3. Section 97-33-7, Mississippi Code of 1972, is amended as follows:

97-33-7. (1) Except as otherwise provided in Section 1 of this act, it shall be unlawful for any person or persons, firm, copartnership or corporation to have in possession, own, control, display, or operate any cane rack, knife rack, artful dodger, punch board, roll down, merchandise wheel, slot machine, pinball machine, or similar device or devices. Provided, however, that this section shall not be so construed as to make unlawful the ownership, possession, control, display or operation of any antique coin machine as defined in Section 27-27-12, or any music machine or bona fide automatic vending machine where the purchaser receives exactly the same quantity of merchandise on each operation of said machine. Any slot machine other than an antique coin machine as defined in Section 27-27-12 which delivers, or is

so constructed as that by operation thereof it will deliver to the operator thereof anything of value in varying quantities, in addition to the merchandise received, and any slot machine other than an antique coin machine as defined in Section 27-27-12 that is constructed in such manner as that slugs, tokens, coins or similar devices are, or may be, used and delivered to the operator thereof in addition to merchandise of any sort contained in such machine, is hereby declared to be a gambling device, and shall be deemed unlawful under the provisions of this section. Provided, however, that pinball machines which do not return to the operator or player thereof anything but free additional games or plays shall not be deemed to be gambling devices, and neither this section nor any other law shall be construed to prohibit same.

(2) No property right shall exist in any person, natural or artificial, or be vested in such person, in any or all of the devices described herein that are not exempted from the provisions of this section; and all such devices are hereby declared to be at all times subject to confiscation and destruction, and their possession shall be unlawful, except when in the possession of officers carrying out the provisions of this section. It shall be the duty of all law enforcing officers to seize and immediately destroy all such machines and devices.

(3) A first violation of the provisions of this section shall be deemed a misdemeanor, and the party offending shall, upon conviction, be fined in any sum not exceeding Five Hundred Dollars

($500.00), or imprisoned not exceeding three (3) months, or both, in the discretion of the court. In the event of a second conviction for a violation of any of the provisions of this section, the party offending shall be subject to a sentence of not less than six (6) months in the county jail, nor more than two (2) years in the State Penitentiary, in the discretion of the trial court.

(4) Notwithstanding any provision of this section to the contrary, it shall not be unlawful to operate any equipment or device described in subsection (1) of this section or any gaming, gambling or similar device or devices by whatever name called while:

(a) On a cruise vessel as defined in Section 27-109-1 whenever such vessel is in the waters within the State of Mississippi, which lie adjacent to the State of Mississippi south of the three (3) most southern counties in the State of Mississippi, including the Mississippi Sound, St. Louis Bay, Biloxi Bay and Pascagoula Bay, and in which the registered voters of the county in which the port is located have not voted to prohibit such betting, gaming or wagering on cruise vessels as provided in Section 19-3-79;

(b) In a structure located, in whole or in part, on shore in any of the three (3) most southern counties in the State of Mississippi in which the registered voters of the county have

voted to allow such betting, gaming or wagering on cruise vessels as provided in Section 19-3-79, if:

(i) The structure is owned, leased or controlled by a person possessing a gaming license, as defined in Section 75-76-5, to conduct legal gaming on a cruise vessel under paragraph (a) of this subsection;

(ii) The part of the structure in which licensed gaming activities are conducted is located entirely in an area which is located no more than eight hundred (800) feet from the mean high-water line (as defined in Section 29-15-1) of the waters within the State of Mississippi, which lie adjacent to the State of Mississippi south of the three (3) most southern counties in the State of Mississippi, including the Mississippi Sound, St. Louis Bay, Biloxi Bay and Pascagoula Bay, or, with regard to Harrison County only, no farther north than the southern boundary of the right-of-way for U.S. Highway 90, whichever is greater; and

(iii) In the case of a structure that is located in whole or part on shore, the part of the structure in which licensed gaming activities are conducted shall lie adjacent to state waters south of the three (3) most southern counties in the State of Mississippi, including the Mississippi Sound, St. Louis Bay, Biloxi Bay and Pascagoula Bay. When the site upon which the structure is located consists of a parcel of real property, easements and rights-of-way for public streets and highways shall not be construed to interrupt the contiguous nature of the parcel,

nor shall the footage contained within the easements and rights-of-way be counted in the calculation of the distances specified in subparagraph (ii) * * *;

(c) On a vessel as defined in Section 27-109-1 whenever such vessel is on the Mississippi River or navigable waters within any county bordering on the Mississippi River, and in which the registered voters of the county in which the port is located have not voted to prohibit such betting, gaming or wagering on vessels as provided in Section 19-3-79; or

(d) That is legal under the laws of the State of Mississippi.

(5) Notwithstanding any provision of this section to the contrary, it shall not be unlawful (a) to own, possess, repair or control any gambling device, machine or equipment in a licensed gaming establishment or on the business premises appurtenant to any such licensed gaming establishment during any period of time in which such licensed gaming establishment is being constructed, repaired, maintained or operated in this state; (b) to install any gambling device, machine or equipment in any licensed gaming establishment; (c) to possess or control any gambling device, machine or equipment during the process of procuring or transporting such device, machine or equipment for installation on any such licensed gaming establishment; or (d) to store in a warehouse or other storage facility any gambling device, machine, equipment, or part thereof, regardless of whether the county or

municipality in which the warehouse or storage facility is located has approved gaming aboard cruise vessels or vessels, provided that such device, machine or equipment is operated only in a county or municipality that has approved gaming aboard cruise vessels or vessels. Any gambling device, machine or equipment that is owned, possessed, controlled, installed, procured, repaired, transported or stored in accordance with this subsection shall not be subject to confiscation, seizure or destruction, and any person, firm, partnership or corporation which owns, possesses, controls, installs, procures, repairs, transports or stores any gambling device, machine or equipment in accordance with this subsection shall not be subject to any prosecution or penalty under this section. Any person constructing or repairing such cruise vessels or vessels within a municipality shall comply with all municipal ordinances protecting the general health or safety of the residents of the municipality.

SECTION 4. Section 97-33-9, Mississippi Code of 1972, is amended as follows:

97-33-9. Except as otherwise provided in Section 1 of this act, if any person shall be guilty of keeping or exhibiting any game or gaming table commonly called A.B.C. or E.O. roulette or rowley-powley, or rouge et noir, roredo, keno, monte, or any faro-bank, or other game, gaming table, or bank of the same or like kind or any other kind or description under any other name whatever, or shall be in any manner either directly or indirectly

interested or concerned in any gaming tables, banks, or games, either by furnishing money or articles for the purpose of carrying on the same, being interested in the loss or gain of said table, bank or games, or employed in any manner in conducting, carrying on, or exhibiting said gaming tables, games, or banks, every person so offending and being thereof convicted, shall be fined not less than Twenty-five Dollars ($25.00) nor more than Two Thousand Dollars ($2,000.00), or be imprisoned in the county jail not longer than two (2) months, or by both such fine and imprisonment, in the discretion of the court. Nothing in this section shall apply to any person who owns, possesses, controls, installs, procures, repairs or transports any gambling device, machine or equipment in accordance with subsection (4) of Section 97-33-7 or Section 75-76-34.

SECTION 5. Section 75-76-5, Mississippi Code of 1972, is amended as follows:

75-76-5. As used in this chapter, unless the context requires otherwise:

(a) "Applicant" means any person who has applied for or is about to apply for a state gaming license, registration or finding of suitability under the provisions of this chapter or approval of any act or transaction for which approval is required or permitted under the provisions of this chapter.

(b) "Application" means a request for the issuance of a state gaming license, registration or finding of suitability under

the provisions of this chapter or for approval of any act or transaction for which approval is required or permitted under the provisions of this chapter but does not include any supplemental forms or information that may be required with the application.

(c) "Associated equipment" means any equipment or mechanical, electromechanical or electronic contrivance, component or machine used remotely or directly in connection with gaming or with any game, race book or sports pool that would not otherwise be classified as a gaming device, including dice, playing cards, links which connect to progressive slot machines, equipment which affects the proper reporting of gross revenue, computerized systems of betting at a race book or sports pool, computerized systems for monitoring slot machines, and devices for weighing or counting money.

(d) "Chairman" means the Chairman of the Mississippi Gaming Commission except when used in the term "Chairman of the State Tax Commission." "Chairman of the State Tax Commission" or "commissioner" means the Commissioner of Revenue of the Department of Revenue.

(e) "Commission" or "Mississippi Gaming Commission" means the Mississippi Gaming Commission.

(f) "Commission member" means a member of the Mississippi Gaming Commission.

(g) "Credit instrument" means a writing which evidences a gaming debt owed to a person who holds a license at the time the

debt is created, and includes any writing taken in consolidation, redemption or payment of a prior credit instrument.

(h) "Enforcement division" means a particular division supervised by the executive director that provides enforcement functions.

(i) "Establishment" means any premises wherein or whereon any gaming is done.

(j) "Executive director" means the Executive Director of the Mississippi Gaming Commission.

(k) Except as otherwise provided by law, "game," or "gambling game" means any banking or percentage game played with cards, with dice or with any mechanical, electromechanical or electronic device or machine for money, property, checks, credit or any representative of value, including, without limiting, the generality of the foregoing, faro, monte, roulette, keno, fan-tan, twenty-one, blackjack, seven-and-a-half, big injun, klondike, craps, poker, chuck-a-luck (dai shu), wheel of fortune, chemin de fer, baccarat, pai gow, beat the banker, panguingui, slot machine, or any other game or device approved by the commission. However, "game" or "gambling game" shall not include bingo games or raffles which are held pursuant to the provisions of Section 97-33-51, or the illegal gambling activities described in Section 1 of this act.

The commission shall not be required to recognize any game hereunder with respect to which the commission determines it does not have sufficient experience or expertise.

(l) "Gaming" or "gambling" means to deal, operate, carry on, conduct, maintain or expose for play any game as defined in this chapter.

(m) "Gaming device" means any mechanical, electromechanical or electronic contrivance, component or machine used in connection with gaming or any game which affects the result of a wager by determining win or loss. The term includes a system for processing information which can alter the normal criteria of random selection, which affects the operation of any game, or which determines the outcome of a game. The term does not include a system or device which affects a game solely by stopping its operation so that the outcome remains undetermined, and does not include any antique coin machine as defined in Section 27-27-12.

(n) "Gaming employee" means any person connected directly with the operation of a gaming establishment licensed to conduct any game, including:

(i) Boxmen;

(ii) Cashiers;

(iii) Change personnel;

(iv) Counting room personnel;

(v) Dealers;

(vi) Floormen;

(vii) Hosts or other persons empowered to extend credit or complimentary services;

(viii) Keno runners;

(ix) Keno writers;

(x) Machine mechanics;

(xi) Security personnel;

(xii) Shift or pit bosses;

(xiii) Shills;

(xiv) Supervisors or managers; and

(xv) Ticket writers.

The term "gaming employee" also includes employees of manufacturers or distributors of gaming equipment within this state whose duties are directly involved with the manufacture, repair or distribution of gaming equipment.

"Gaming employee" does not include bartenders, cocktail waitresses or other persons engaged in preparing or serving food or beverages unless acting in some other capacity.

(o) "Gaming license" means any license issued by the state which authorizes the person named therein to engage in gaming.

(p) "Gross revenue" means the total of all of the following, less the total of all cash paid out as losses to patrons and those amounts paid to purchase annuities to fund

losses paid to patrons over several years by independent financial institutions:

(i) Cash received as winnings;

(ii) Cash received in payment for credit extended by a licensee to a patron for purposes of gaming; and

(iii) Compensation received for conducting any game in which the licensee is not party to a wager.

For the purposes of this definition, cash or the value of noncash prizes awarded to patrons in a contest or tournament are not losses.

The term does not include:

(i) Counterfeit money or tokens;

(ii) Coins of other countries which are received in gaming devices;

(iii) Cash taken in fraudulent acts perpetrated against a licensee for which the licensee is not reimbursed; or

(iv) Cash received as entry fees for contests or tournaments in which the patrons compete for prizes.

(q) "Hearing examiner" means a member of the Mississippi Gaming Commission or other person authorized by the commission to conduct hearings.

(r) "Investigation division" means a particular division supervised by the executive director that provides investigative functions.

(s) "License" means a gaming license or a manufacturer's, seller's or distributor's license.

(t) "Licensee" means any person to whom a valid license has been issued.

(u) "License fees" means monies required by law to be paid to obtain or continue a gaming license or a manufacturer's, seller's or distributor's license.

(v) "Licensed gaming establishment" means any premises licensed pursuant to the provisions of this chapter wherein or whereon gaming is done.

(w) "Manufacturer's," "seller's" or "distributor's" license means a license issued pursuant to Section 75-76-79.

(x) "Navigable waters" shall have the meaning ascribed to such term under Section 27-109-1.

(y) "Operation" means the conduct of gaming.

(z) "Party" means the Mississippi Gaming Commission and any licensee or other person appearing of record in any proceeding before the commission; or the Mississippi Gaming Commission and any licensee or other person appearing of record in any proceeding for judicial review of any action, decision or order of the commission.

(aa) "Person" includes any association, corporation, firm, partnership, trust or other form of business association as well as a natural person.

(bb) "Premises" means land, together with all buildings, improvements and personal property located thereon, and includes all parts of any vessel or cruise vessel.

(cc) "Race book" means the business of accepting wagers upon the outcome of any event held at a track which uses the pari-mutuel system of wagering.

(dd) "Regulation" means a rule, standard, directive or statement of general applicability which effectuates law or policy or which describes the procedure or requirements for practicing before the commission. The term includes a proposed regulation and the amendment or repeal of a prior regulation but does not include:

(i) A statement concerning only the internal management of the commission and not affecting the rights or procedures available to any licensee or other person;

(ii) A declaratory ruling;

(iii) An interagency memorandum;

(iv) The commission's decision in a contested case or relating to an application for a license; or

(v) Any notice concerning the fees to be charged which are necessary for the administration of this chapter.

(ee) "Respondent" means any licensee or other person against whom a complaint has been filed with the commission.

(ff) "Slot machine" means any mechanical, electrical or other device, contrivance or machine which, upon insertion of a

coin, token or similar object, or upon payment of any consideration, is available to play or operate, the play or operation of which, whether by reason of the skill of the operator or application of the element of chance, or both, may deliver or entitle the person playing or operating the machine to receive cash, premiums, merchandise, tokens or anything of value, whether the payoff is made automatically from the machine or in any other manner. The term does not include any antique coin machine as defined in Section 27-27-12.

(gg) "Sports pool" means the business of accepting wagers on sporting events, except for athletic events, by any system or method of wagering other than the system known as the "pari-mutuel method of wagering."

(hh) "State Tax Commission" or "department" means the Department of Revenue of the State of Mississippi.

(ii) "Temporary work permit" means a work permit which is valid only for a period not to exceed ninety (90) days from its date of issue and which is not renewable.

(jj) "Vessel" or "cruise vessel" shall have the meanings ascribed to such terms under Section 27-109-1.

(kk) "Work permit" means any card, certificate or permit issued by the commission, whether denominated as a work permit, registration card or otherwise, authorizing the employment of the holder as a gaming employee. A document issued by any

governmental authority for any employment other than gaming is not a valid work permit for the purposes of this chapter.

(ll) "School or training institution" means any school or training institution which is licensed by the commission to teach or train gaming employees pursuant to Section 75-76-34.

(mm) "Cheat" means to alter the selection of criteria that determine:

(i) The rules of a game; or

(ii) The amount or frequency of payment in a game.

(nn) "Promotional activity" means an activity or event conducted or held for the purpose of promoting or marketing the individual licensed gaming establishment that is engaging in the promotional activity. The term includes, but is not limited to, a game of any kind other than as defined in paragraph (k) of this section, a tournament, a contest, a drawing, or a promotion of any kind.

SECTION 6. This act shall take effect and be in force from and after July 1, 2013.

PASSED BY THE HOUSE OF REPRESENTATIVES
February 12, 2013

Philip Gunn
SPEAKER OF THE HOUSE OF REPRESENTATIVES

PASSED BY THE SENATE
February 27, 2013

Tate Reeves
PRESIDENT OF THE SENATE

APPROVED BY THE GOVERNOR

Phil Bryant
GOVERNOR

3/20/13
3:40pm