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2 Councilmember Kenyan R. McDuffie
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6 A BILL
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10 IN THE COUNCIL OF THE DISTRICT OF COLUMBIA
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15 To amend, on an emergency basis, due to congressional review, Title 25 of the District of
16 Columbia Official Code to authorize, define, and regulate games of skill.
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18 BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this
19 act may be cited as the “Revised Game of Skill Machines Consumer Protections Congressional
20 Review Emergency Amendment Act of 2021”.

21
22 Sec. 2. The Law to Legalize Lotteries, Daily Numbers Games, and Bingo and Raffles for
23 Charitable Purposes in the District of Columbia, effective March 10, 1981 (D.C. Law 3-172;
24 D.C. Official Code §§ 22-1716 to 22-1718 and 36-601.01 *et seq.*), is amended as follows:

25 (a) Section 4 (D.C. Official Code § 36-601.12) is amended as follows:

26 (1) The section heading is amended to read as follows:

27 “Sec. 4. Lottery, Gambling, and Gaming Fund.”.

28 (2) Subsection (a) is amended to read as follows:

29 “(a) There is established as an enterprise fund the Lottery, Gambling, and Gaming Fund
30 (“Fund”), which shall be administered by the Chief Financial Officer. Revenue from the

31 following sources shall be deposited into the Fund or a division of the Fund, as established by the
32 Chief Financial Officer:

33 “(1) All funds generated by gambling activities operated or licensed by the Chief
34 Financial Officer; and

35 “(2) All fees collected pursuant to sections 406 through 408.”.

36 (3) Subsection (c) is amended by striking the word “gambling” and inserting the
37 phrase “gambling and gaming” in its place.

38 (b) A new Title IV is added to read as follows:

39 “TITLE IV. GAME OF SKILL MACHINES.

40 “Sec. 401. Definitions

41 “For purposes of this title, the term:

42 “(1) “ABC Board” means the Alcoholic Beverage Control Board, established by
43 D.C. Official Code § 25-201.

44 “(2) “ABRA” means the Alcoholic Beverage Regulation Administration,
45 established by D.C. Official Code § 25-202.

46 “(3) “CFO” means the Chief Financial Officer of the District of Columbia.

47 “(4) “Centralized accounting system” means the accounting system linked by a
48 communications network as described in sections 409 and 413.

49 “(5) “Distributor” means a person licensed under this title to:

50 “(A) Buy or lease game of skill machines, or any major components or
51 parts of a game of skill machine, from manufacturers for sale or lease and distribution to
52 retailers; or

53 “(B) To maintain or service a retailer’s game of skill machine, or any
54 major component or part of a game of skill machine.

55 “(6) “Game of skill machine” means a mechanical or electronic gaming device
56 that rewards the winning player or players with cash, a gift card, or a voucher that can be
57 redeemed for cash. A mechanical or electronic gaming device shall not be considered a game of
58 skill machine if:

59 “(A) The ability of a player to succeed at the game is impacted by the
60 number or ratio of prior wins to prior losses of players playing the game;

61 “(B) The outcome of the game can be controlled by a source other than a
62 player playing the game;

63 “(C) The success of a player is or may be determined by a chance event
64 that cannot be altered by the player’s actions;

65 “(D) The ability of a player to succeed at the game is impacted by game
66 features not visible or known to a reasonable player; or

67 “(E) The ability of a player to succeed at the game is impacted by the
68 exercise of skill that no reasonable player could exercise.

69 “(7) “Game of skill machine gross revenue” means the total of cash or cash
70 equivalents received from a game of skill machine minus the total of:

71 “(A) Cash or cash equivalents paid to players as a result of a game of skill
72 machine;

73 “(B) Cash or cash equivalents paid to purchase annuities to fund prizes
74 payable to players over a period of time as a result of a game of skill machine; and

75 “(C) The actual cost paid by the license holder for personal property
76 distributed to a player as a result of a game of skill machine, excluding travel expenses, food,
77 refreshments, lodging, and services.

78 “(8) “Licensed establishment” means an on-premises retail establishment licensed
79 by the ABC Board to sell, serve, and allow for the consumption of alcoholic beverages.

80 “(9) “Licensed premises” means the physical location of a licensed establishment
81 that is authorized by the Office to offer game of skill machines.

82 “(10) “Licensee” means a person who possesses a game of skill manufacturer,
83 distributor, or retailer license issued by the Office.

84 “(11) “Manufacturer” means a person that is licensed under this title that
85 manufactures or assembles game of skill machines for sale or lease to distributors or provides to
86 distributors major components or parts of game of skill machines for the repair or maintenance
87 of game of skill machines.

88 “(12) “Office” means the Office of Lottery and Gaming.

89 “(13) “Retailer” means a person that is licensed under this title to offer game of
90 skill machines on its licensed premises.

91 “Sec. 402. Authorization of game of skill machines.

92 “The operation of game of skill machines shall be lawful in the District if conducted in
93 accordance with this title and the rules issued pursuant to this title.

94 “Sec. 403. Game of skill machine license requirements; prohibition.

95 “(a) No person may carry out a function of a manufacturer, distributor, or retailer after
96 March 31, 2021, unless the person has obtained the applicable license or licenses required by this
97 title, or by rules issued pursuant to this title.

98 “(b)(1) The Office shall issue the following categories of game of skill machine licenses:

99 “(A) Manufacturer;

100 “(B) Distributor; and

101 “(C) Retailer.

102 “(2) The Office shall not grant a license listed in paragraph (1) of this subsection
103 until it has determined that each person that possesses 10% or greater beneficial or proprietary
104 interest in the applicant has been approved for licensure in accordance with this title and rules
105 issued pursuant to this title; provided, that the Office shall not be required to make such a
106 determination with respect to a person that is an institutional investor unless the institutional
107 investor possesses 25% or greater beneficial or proprietary interest in the applicant.

108 “(c)(1) An applicant for an initial manufacturer or distributor license shall be subject to
109 District and national criminal history background checks.

110 “(2) The applicant shall submit an application to the Office, in a form determined
111 by the Office, for fingerprints for a national criminal records check by the Metropolitan Police
112 Department and the Federal Bureau of Investigation of all individuals required to be named in
113 the application and a signed authorization of each individual submitting fingerprints for the
114 release of information by the Metropolitan Police Department and the Federal Bureau of
115 Investigation.

116 “(3) In the case of an application for license renewal, the Office may require
117 additional background checks.

118 “(d) The Office shall require proof of good standing pursuant to D.C. Official Code § 29-
119 102.08 of an applicant for a license pursuant to this title and may, in addition, require
120 certification that the Citywide Clean Hands Database indicates that the proposed licensee is
121 current with its District taxes.

122 “(e) Proprietary information, trade secrets, financial information, and personal
123 information about a person in an application submitted to the Office pursuant to this title shall
124 not be a public record and shall not be made available under the Freedom of Information Act of
125 1976, effective March 29, 1977 (D.C. Law 1-96; D.C. Official Code § 2-531 *et seq.*), or any
126 other law.

127 “(f)(1) A retailer shall display its license as required by section 410(e) and shall make the
128 license immediately available for inspection upon request by an employee of the Office, the
129 Metropolitan Police Department, or ABRA.

130 “(2) When present at a licensed establishment, an employee of a distributor shall
131 carry a copy of its license and make it readily available for inspection by an employee of the
132 Office, the Metropolitan Police Department, or ABRA.

133 “Sec. 404. License prohibitions; suspensions and revocation of licenses.

134 “(a) An applicant convicted of a disqualifying offense shall not be licensed. The Office
135 shall define disqualifying offenses by a rule issued pursuant to this title.

136 “(b) No employee of the Office or ABRA or member of the ABC Board, or immediate
137 family member of an employee of the Office or ABRA or member of the ABC Board, may be an
138 applicant for, have an interest in, or obtain a license issued pursuant to this title.

139 “(c) Failure of an applicant or licensee to notify the Office of a change to the information
140 provided in its application for license or renewal within 10 days after the change may result in
141 the Office suspending or revoking the licensee’s license, denying the applicant’s license, and
142 issuing a fine.

143 “(d)(1) The Office shall not grant a license pursuant to this title, and shall revoke a
144 license previously granted, if evidence satisfactory to the Office exists that the applicant or
145 licensee has:

146 “(A) Knowingly made a false statement of a material fact to the Office;

147 “(B) Had a license revoked by a governmental authority responsible for
148 regulation of games of skill;

149 “(C) Been convicted of a felony and has not received a pardon or been
150 released from parole or probation for at least 5 years; or

151 “(D) Been convicted of a gambling-related offense or a theft or fraud
152 offense.

153 “(2) The Office may deny a license to an applicant or suspend or revoke a license
154 of a licensee if the applicant or licensee:

155 “(A) Has not demonstrated, to the satisfaction of the Office, financial
156 responsibility sufficient to adequately meet the requirement of the proposed activity;

157 “(B) Is not the true owner of the licensed business or has not disclosed the
158 existence or identity of another individual or entity that has an ownership interest in the business;
159 or

160 “(C) Is an entity that sells more than 10% of a licensee’s voting interests,
161 more than 10% of the voting interests of an entity that controls the licensee, or sells a licensee’s
162 assets to an individual or entity not already determined by the Office to have met the
163 qualifications of a licensee pursuant to this title.

164 “Sec. 405. Conflicts of interest.

165 “(a) Before issuing, authorizing the transfer to a new owner of, or renewing a license, the
166 Office shall determine that the applicant is not disqualified because of a conflicting interest in
167 another license.

168 “(b) In making a determination regarding a conflicting interest, the following standards
169 shall apply:

170 “(1) No licensee under a distributor’s license shall hold a license in another
171 license issued under this title; except, that the holder of a distributor’s license may also hold a
172 manufacturer’s license.

173 “(2) No licensee under a manufacturer’s license shall hold another license issued
174 under this title; except, that the holder of a manufacturer’s license may also hold a distributor’s
175 license.

176 “Sec. 406. Manufacturer licensure.

177 “(a)(1) A person may not, after March 31, 2021, manufacture a game of skill machine in
178 the District or manufacture and cause to be delivered into the District a game of skill machine,
179 unless the person has a valid manufacturer’s license issued under this title.

180 “(2) A manufacturer may, after March 31, 2021, only sell or lease game of skill
181 machines for use in the District to persons having a valid distributor’s license.

182 “(b) A person applying for a manufacturer’s license shall do so on a form prescribed by
183 the Office. The form shall require:

184 “(1) The name of the applicant;

185 “(2) The mailing address of the applicant and, if the applicant is a corporation, the
186 name of the state in which it is incorporated, the location of its principal place of business, and
187 the names and addresses of its directors;

188 “(3) A report of the applicant’s financial activities, including evidence of financial
189 stability, such as bank statements, business and personal income and disbursement schedules,
190 and tax returns; and

191 “(4) Such other information as the Office may require by rule.

192 “(c) In considering whether to approve an application for a manufacturer’s license, the
193 Office may consider, among such other evidence as may come before the Office, evidence of the
194 applicant’s licensure, conduct, and activities in another jurisdiction.

195 “(d) An applicant for a manufacturer’s license shall pay a nonrefundable application fee
196 of \$10,000 with the application.

197 “(e) A manufacturer’s license shall be renewed annually; provided, that the licensee has
198 continued to comply with all statutory and regulatory requirements and pays upon submission of
199 its renewal application a \$5,000 renewal fee.

200 “Sec. 407. Distributor licensure.

201 “(a) A person may not, after March 31, 2021, engage in any of the following activities
202 unless the person has a valid distributor’s license issued by the Office:

203 “(1) Buy or lease from a manufacturer a game of skill machine for distribution in
204 the District;

205 “(2) Sell, lease, or distribute a game of skill machine in the District or market for
206 sale, lease, or distribution a game of skill machine in the District; or

207 “(3) Repair, replace, maintain, or service a game of skill machine or a major
208 component or part of a game of skill machine in the District or market the repair, replacement, or
209 maintenance of a game of skill machine or a major component or part of a game of skill machine
210 in the District.

211 “(b) A licensed distributor may sell, lease, or distribute a game of skill machine, or repair,
212 replace, maintain, or service a game of skill machine or any major component or part of a game
213 of skill machine in the District to a licensed establishment that possesses a game of skill machine
214 endorsement from the ABC Board pursuant to D.C. Official Code § 25-113.01(e), and after
215 March 31, 2021, a retailer’s license from the Office. No distributor may give anything of value,
216 including a loan or financing agreement, to a licensed establishment as an incentive or
217 inducement to locate a game of skill machine in the establishment; provided, that a distributor
218 may provide funding to a licensed establishment for the payment of winnings to players of the
219 distributor’s game of skill machines in the licensed establishment.

220 “(c) A person applying for a distributor’s license shall do so on a form prescribed by the
221 Office. The form shall require:

222 “(1) The name of the applicant;

223 “(2) The mailing address of the applicant and, if the applicant is a corporation, the
224 name of the state in which it is incorporated, the location of its principal place of business, and
225 the names and addresses of its directors;

226 “(3) A report of the applicant’s financial activities, including evidence of financial
227 stability, such as bank statements, business and personal income and disbursement schedules,
228 and tax returns; and

229 “(4) Such other information as the Office may require by rule.

230 “(d) In considering whether to approve an application for a distributor’s license, the
231 Office may consider, among such other evidence that may come before the Office, evidence of
232 the applicant’s licensure, conduct, and activities in another jurisdiction.

233 “(e) An applicant for a distributor’s license shall demonstrate that the equipment, system,
234 or device that the applicant plans to offer to retailers conforms to standards established pursuant
235 to this title, the rules issued pursuant to this title, and other applicable law.

236 “(f) An applicant for a distributor’s license shall pay a nonrefundable application fee of
237 \$10,000 with the application.

238 “(g) A distributor’s license shall be renewed annually; provided, that the licensee has
239 continued to comply with all statutory and regulatory requirements and pays upon submission of
240 its renewal application a \$5,000 renewal fee.

241 “(h) A distributor shall submit to the Office, at such times as are established by the Office
242 by rule, a list of all models and versions of game of skill machines sold, delivered, or offered to a

243 retailer. All such equipment shall be tested and approved by an independent testing laboratory
244 approved as provided in section 409.

245 “Sec. 408. Retailer licensure.

246 “(a) A person may not offer or allow for play a game of skill machine at the location in
247 the District unless the location:

248 “(1) Is a licensed establishment;

249 “(2) Possesses a game of skill machine endorsement from ABRA in accordance
250 with D.C. Official Code § 25-113.01(e), and, after March 31, 2021, a retailer’s license from the
251 Office; and

252 “(3) Has entered into a written use agreement with a licensed distributor (or
253 before April 1, 2021, with a distributor) for the placement or installation of a game of skill
254 machine or machines on the licensed premises.

255 “(b) A person shall apply for a retailer’s license on a form prescribed by the Office. The
256 form shall require:

257 “(1) The name of the applicant;

258 “(2) The mailing address of the applicant and, if the applicant is a corporation, the
259 name of the state in which it is incorporated, the location of its principal place of business, and
260 the names and addresses of its directors;

261 “(3) At the discretion of the Office, a report of the applicant’s financial activities,
262 including evidence of financial stability, such as bank statements, business and personal income
263 and disbursement schedules, and tax returns; and

264 “(4) Any other information the Office considers necessary.

265 “(c) An applicant for a retailer’s license shall pay a nonrefundable application fee of \$300
266 with the application.

267 “(d) A retailer’s license shall be renewed annually; provided, that the licensee continued
268 to comply with the statutory and regulatory requirements and pays upon submission of its
269 renewal application a \$300 renewal fee.

270 “(e) The Office may require a retailer to be bonded, in such amounts and in such manner
271 as determined by the Office.

272 “(f) Game of skill machines shall not be offered or allowed to be played in the District
273 other than at an establishment licensed as a retailer.

274 “Sec. 409. Minimum requirements of game of skill machines.

275 “(a)(1) No model or version of a game of skill machine shall be offered for distribution or
276 play in the District unless the model or version of the game of skill machine has first been tested
277 and approved as a game of skill machine pursuant to this title and the rules issued pursuant to
278 this title; except, that:

279 “(A) A model or version of a game of skill machine for which an
280 endorsement was approved by the ABC Board under D.C. Official Code § 25-401 before

281 October 1, 2020, shall not be subject to testing or approval under this section unless required by
282 the Office by rule; provided, that each such game of skill machine shall be required to comply
283 with subsection (b)(12) of this section.

284 “(B) A model or version of a game of skill machine may be approved by
285 the Office before January 1, 2021, if it meets the requirements of subsection (b)(1) through (12)
286 of this section, regardless of whether the Office has issued minimum standard rules pursuant to
287 subsection (b) of this section, and the game of skill machine shall not be required to come into
288 compliance with the minimum standard rules issued by the Office pursuant to subsection (b) of
289 this section until such date as shall be set forth by the Office in such rules.

290 “(2) The Office, or the applicant at the direction of the Office, shall utilize the
291 services of an Office-approved independent outside testing laboratory to test and assess the
292 model or version of the game of skill machine.

293 “(3) The applicant shall be responsible for paying the costs associated with testing
294 the model or version of the game of skill machines.

295 “(b) Except as otherwise provided in subsection (a)(1)(A) and (B) of this section, every
296 game of skill machine offered in the District shall meet the minimum standards established by
297 the Office by rule. The minimum standards shall include the following:

298 “(1) The game of skill machine shall conform to all requirements of federal law
299 and regulations, including the Federal Communications Commission’s Class A emissions
300 standards.

301 “(2) The game of skill machine shall display an accurate representation of the
302 game outcome.

303 “(3) The game of skill machine shall not automatically alter pay tables or any
304 function of the game of skill machine based on an internal computation of a hold percentage or
305 have a means of manipulation that affects the random selection process or probabilities of
306 winning a game.

307 “(4) The game of skill machine shall not be negatively affected by static discharge
308 or other electromagnetic interference.

309 “(5) The game of skill machine shall be capable of displaying the following
310 during idle status: “power reset”; “door open”; or “door closed”.

311 “(6) The game of skill machine shall be able to detect and display the game’s
312 complete play history and winnings for the previous 10 games.

313 “(7) The theoretical payback percentage of a game of skill machine shall not be
314 capable of being changed without making a hardware or software change in the machine itself.

315 “(8) The game of skill machine shall be designed so that the replacement of parts
316 or modules required for normal maintenance does not necessitate replacement of the
317 electromechanical meters.

318 “(9) The game of skill machine shall contain a non-resettable meter, which shall
319 be located in a locked area of the machine that is accessible only by a key.

320 “(10) The game of skill machine shall be capable of storing the meter information
321 required by paragraph (9) of this subsection for a minimum of 180 days after a power loss to the
322 machine.

323 “(11) The game of skill machine shall have accounting software that keeps an
324 electronic record that includes:

325 “(A) Total cash or other value inserted into the game of skill machine;

326 “(B) The value of winning tickets awarded to players by the game of skill
327 machine;

328 “(C) The total credits played on the game of skill machine;

329 “(D) The total credits awarded by the game of skill machine; and

330 “(E) The payback percentage credited to players of the game of skill
331 machine.

332 “(12) The game of skill machine shall be connected to a centralized accounting
333 system in accordance with section 413 for the purposes set forth in section 413; except, that a
334 game of skill machine that has been approved for operation or distribution in the District by
335 ABRA or the Office before the date designated by the Office pursuant to section 413(a)(2)(B)
336 shall be allowed until the date designated by the Office pursuant to section 413(a)(2)(B) to come
337 into compliance with this paragraph.

338 “(c) The Office may issue rules to establish additional licensing and registration
339 requirements for the purposes of preserving the integrity and security of game of skill machines

340 in the District, including by prohibiting game of skill machines that approximate the look or feel
341 of a gambling device.

342 “Sec. 410. Registration; display of registration sticker, license, and warning sign;
343 locations of game of skill machines.

344 “(a) After March 31, 2021, no distributor shall distribute a game of skill machine to a
345 retailer or allow the continued distribution of its game of skill machine at a retailer’s licensed
346 establishment, and no retailer shall allow the distribution of a game of skill machine to the
347 retailer or allow the installation or operation of a game of skill machine at its licensed
348 establishment, unless:

349 “(1) The game of skill machine is registered with the Office; and

350 “(2) A registration sticker issued by the Office is affixed to and maintained on the
351 game of skill machine.

352 “(b) The Office shall issue to a distributor or retailer, after approval of an application for
353 registration of a game of skill machine filed by the distributor or retailer with the Office, a
354 registration sticker for placement on the registered game of skill machine. The registration fee
355 for each game of skill machine shall be \$100. If the registration sticker is damaged, destroyed,
356 lost, or removed, the retailer shall pay the Office \$75 for a replacement registration sticker.

357 “(c)(1) A distributor shall not distribute more than 5 game of skill machines to a licensed
358 establishment at any time.

359 “(2) A retailer shall not allow more than 5 game of skill machines to be operated
360 or located on a licensed premises at any time.

361 “(d) A retailer shall locate its game of skill machines for play only in specific locations
362 approved by ABRA within the retailer’s licensed establishment.

363 “(e) A retailer shall post a warning sign and, after March 31, 2021, its retailers license,
364 both maintained in good repair and in a place clearly visible at the point of entry to the
365 designated areas where the game of skill machines are located. The warning sign shall include:

366 “(1) The minimum age required to play a game of skill machine;

367 “(2) The contact information for the District’s gambling hotline; and

368 “(3) The contact information for the Office of Lottery and Gaming for purposes of
369 filing a complaint against the manufacturer, distributor, or retailer.

370 “(f) Failure to display the registration sticker, license, or warning sign may result in the
371 Office revoking or suspending the license or issuing a fine against the licensed establishment
372 pursuant to section 415.

373 “Sec. 411. Cash award.

374 “(a) A game of skill machine shall not directly dispense cash awards to a player. If, at the
375 conclusion of the game, a player is entitled to a cash award, the game of skill machine shall
376 dispense a ticket or voucher to the player. The ticket or voucher shall indicate:

377 “(1) The total amount of the cash award;

378 “(2) The time of day that the cash award was issued in a 24-hour format showing
379 hours and minutes, the date, the terminal serial number, and the sequential number of the ticket
380 or voucher; and

381 “(3) An encrypted validation number from which the validity of the cash award
382 may be determined.

383 “(b) A retailer shall allow a player to take the ticket or voucher to the owner of the
384 licensed establishment or the owner’s designee, who shall be located at the licensed
385 establishment, for payment of the cash award.

386 “Sec. 412. Game of skill machine use by minors prohibited.

387 “(a) A licensee shall not permit a person under the age of 18 to use or play a game of skill
388 machine.

389 “(b) The Office may suspend or revoke a license and issue a fine, in accordance with
390 section 415, against a licensee that knowingly allows a person under the age of 18 to use or play
391 a game of skill machine.

392 “Sec. 413. Centralized accounting system.

393 “(a)(1) Within 365 days after the effective date of this title, the Office shall procure a
394 centralized accounting system for games of skill machines, which shall be linked to a
395 communications network. All games of skill machines registered in the District shall connect to
396 the centralized accounting system through the communications network. The centralized
397 accounting system shall be administered by the Office and shall allow for the accounting,

398 reporting, monitoring, and reading of game of skill machine activities by the District for the
399 purposes of assisting the Office in determining compliance with, and enforcing, the provisions of
400 this title and the rules issued pursuant to this title. The centralized accounting system shall also
401 allow for game of skill machines to be activated and deactivated remotely by the Office.

402 “(2) When the Office is satisfied with the operation of the centralized accounting
403 system, it shall:

404 “(A) Certify the effective status of the system; and

405 “(B) Notify all retailers of the date by which the distributor’s and retailer’s
406 game of skill machines must be linked to the centralized accounting system, which date shall not
407 be less than 90 days after the date of the effective status of the centralized accounting system.

408 “(b) The centralized accounting system shall not provide for the monitoring or reading of
409 personal or financial information concerning patrons of game of skill machines.

410 “(c) An employee or agent of a contractor or subcontractor of the Office who is engaged
411 in building, operating, maintaining, or contracting to build, operate, or maintain the centralized
412 accounting system, and the immediate family members of such employee or agent, shall be
413 prohibited from obtaining a license under this title.

414 “(d) Unless a retailer’s license is canceled, suspended, or revoked, nothing in this section
415 shall authorize the Office to limit or eliminate a registered game of skill from the centralized
416 accounting system.

417 “Sec. 414. Insurance.

418 “The Office may require by rule, issued pursuant to this title, that a distributor maintain
419 liability insurance on the game of skill machines that it places in licensed establishments or that a
420 retailer maintain liability insurance on the game of skill machines that are located in its licensed
421 establishment.

422 “Sec. 415. Penalties.

423 “(a) In the event of a violation of this title or a rule issued pursuant to this title, the Office
424 may:

425 “(1) Impose a fine of not more than \$50,000;

426 “(2) Revoke a licensee’s license; or

427 “(3) Suspend the licensee’s license for up to one year.

428 “(b) A person that has been fined or whose application has been denied, revoked, or
429 suspended pursuant to this section shall have a right to a hearing before the Office and, in the
430 event of the Office’s affirmation of the fine, denial, revocation, or suspension, the right to appeal
431 the decision of the Office to the Superior Court of the District of Columbia.

432 “(c) The Office shall notify ABRA within 48 hours after the Office suspends or revokes a
433 retailer’s license.

434 “Sec. 416. Authority of the Office.

435 “(a) The Office may enforce the provisions of this title with respect to licensees and with
436 respect to any individual or entity not holding a license and offering a game of skill machine in
437 violation of the provisions of this title or rules issued pursuant to this title.

438 “(b) Subject to subsection (c) of this section, the Office and the Metropolitan Police
439 Department may issue citations for civil violations of this title as set forth in rules issued
440 pursuant to this title.

441 “(c) A citation for a violation for which the penalty includes the suspension or revocation
442 of a license shall be issued by the Office as a result of an investigation carried out by the Office.

443 “(d) The Office, ABRA, or Metropolitan Police Department may request and check the
444 identification of a person who has played, is playing, or is attempting to play a game of skill
445 machine. The Office or Metropolitan Police Department may seize evidence that substantiates a
446 violation under this title, which may include seizing the tickets, vouchers, or cash awards issued
447 to a person under the age of 18 and fake identification documents used by a person under the age
448 of 18.

449 “(e) The Office may seize a game of skill machine license from an establishment if:

450 “(1) The game of skill machine license has been suspended, revoked, or canceled
451 by the Office;

452 “(2) The business is no longer in existence; or

453 “(3) The business has been closed by another District government agency.

454 “Sec. 417. Investigations and inspections.

455 “(a) The Office may conduct investigations, searches, seizures, and perform other duties
456 authorized by this title and rules issued pursuant to this title.

457 “(b) An applicant for a license and each licensee shall allow an authorized member of the
458 Office, an ABRA investigator, or any member of the Metropolitan Police Department full
459 opportunity to examine at any time during business hours:

460 “(1) The location on the premises where game of skill machines are available to
461 play; and

462 “(2) The books and records of the licensee or applicant.

463 “Sec. 418. Unlawful acts; action by the Attorney General.

464 “(a)(1) No manufacturer, distributor, licensed establishment, or employee or agent of a
465 manufacturer, distributor, or licensed establishment shall intentionally make a false or
466 misleading representation concerning an individual’s chances, likelihood, or probability of
467 winning at playing a game of skill machine.

468 “(2) An individual or entity claiming to be aggrieved by a fraudulent act or a false
469 or misleading statement by a licensee shall have a cause of action in a court of competent
470 jurisdiction for damages and any legal or equitable relief as may be appropriate.

471 “(b) The Attorney General for the District of Columbia, in the name of the District of
472 Columbia, may bring an action in the Superior Court of the District of Columbia to enjoin an
473 individual or entity or to seek a civil penalty of up to \$50,000 for a violation of this title or rule
474 issued pursuant to this title.

475 “Sec. 419. Taxation of game of skill machines.

476 “(a) A tax shall be imposed on all persons owning a game of skill machine located in the
477 District for the privilege of operating a game of skill machine in the District.

478 “(b) The rate of tax shall be 10% of the game of skill machine gross revenue from each
479 game of skill machine in the District.

480 “(c) On or before the 20th calendar day of each month, each owner of a game of skill
481 machine located in the District shall file a return with the CFO, on forms and in the manner
482 prescribed by the CFO, indicating the amount of game of skill machine gross revenue for the
483 owner’s game of skill machines for the preceding calendar month and the amount of tax for
484 which the owner is liable.

485 “(d) All funds owed to the District under this section shall be held in trust for the District
486 in a federally insured depository institution that maintains an office in the District until the funds
487 are paid to the District of Columbia Treasurer.

488 “(e) Each owner of a game of skill machine located in the District shall keep a record of
489 the game of skill machine gross revenue, awards, and net income of each game of skill machine
490 in such form as the CFO may require.

491 “(f) An owner of a game of skill who fails to pay the tax imposed by this section shall be
492 subject to all collection, enforcement, and administrative provisions applicable to unpaid taxes or
493 fees, as provided in Chapters 41, 42, 43, and 44 of Title 47 of the District of Columbia Official
494 Code.

495 “(g) Notwithstanding D.C. Official Code § 47-4406, the CFO may disclose the total
496 amount of game of skill machine gross revenue collected in the periodic estimates and reports of
497 revenues.

498 “Sec. 420. Deposit of license fees.

499 “All fees collected under sections 406 through 408 shall be deposited in the Lottery,
500 Gambling, and Gaming Fund, established by section 4 (D.C. Official Code § 36-601.12).

501 “Sec. 421. Rules and regulations governing game of skill machines.

502 “(a) The CFO, pursuant to Title I of the District of Columbia Administrative Procedure
503 Act, approved October 21, 1968 (82 Stat. 1204; D.C. Official Code § 2-501 *et seq.*), shall by
504 January 2021, issue rules to implement the provisions of this title.

505 “(b) The rules issued by the CFO pursuant to subsection (a) of this section shall include:

506 “(1) Minimum standards under section 409(b);

507 “(2) Standards for conducting inspections of game of skill machines for
508 compliance with industry standards;

509 “(3) Standards for inspecting licensed establishments for compliance with this
510 title;

511 “(4) Minimum and maximum payment amounts for playing game of skill
512 machines;

513 “(5) The maximum amount of allowable winnings per game;

514 “(6) Requirements relating to how fees and taxes are to be remitted;

515 “(7) The method of accounting to be used by a licensed establishment where a
516 game of skill machine is authorized;

517 “(8) Methods of age verification;

518 “(9) Types of records that shall be required to be maintained by a licensee;

519 “(10) Posting requirements;

520 “(11) Advertising guidelines, including specific language concerning individuals
521 under the age of 18;

522 “(12) Penalties for a violation of this title or rule issued pursuant to this title; and

523 “(13) Internal control standards for game of skill machines.”.

524 Sec. 3. Title 25 of the District of Columbia Official Code is amended as follows:

525 (a) Chapter 1 is amended as follows:

526 (1) Section 25-101 is amended as follows:

527 (A) A new paragraph (22B) is added to read as follows:

528 “(22B) “Game of skill machine” has the meaning set forth in § 36-641.01(6)”.

529 (B) A new paragraph (53A) is added to read as follows:

530 “(53A) “Voucher” means a ticket issued by a game of skill machine that is
531 redeemable for cash winnings.”.

532 (2) Section 25-113a is amended as follows:

533 (A) The section is redesignated as § 25-113.01.

534 (B) The section heading is amended to read as follows:

535 “§ 25-113.01. License endorsements.”.

536 (C) A new subsection (e) is added to read as follows:

537 “(e)(1) A licensee under a manufacturer’s license class A or B holding an on-site sales
538 and consumption permit, or an on-premises retailer’s license, class C/R, D/R, C/H, D/H, C/T,
539 D/T, C/N, D/N, C/X, or DX, shall obtain a game of skill machine endorsement from the Board in
540 order to offer a game of skill machine on the licensed premises.

541 “(2)(A) A game of skill machine shall not be placed on outdoor public or private
542 space; except, that the Board, in its discretion, may allow for the placement of a game of skill
543 machine on outdoor public or private space if, in the Board’s determination, activity associated
544 with the game of skill machine is:

545 “(i) Not visible from a public street or sidewalk;

546 “(ii) Adequately secured against unauthorized entrance; and

547 “(iii) Accessible only by patrons from within the establishment.

548 “(B) Subparagraph (A) of this paragraph shall not apply to a licensee
549 operating a passenger-carrying marine vessel in accordance with § 25-113(h).”.

550 (b) Section 25-401 is amended by adding a new subsection (e) to read as follows:

551 “(e) An applicant for a game of skill machine endorsement shall submit to the Board with
552 its application:

553 “(1) A diagram of where the game of skill machines will be placed on the licensed
554 premises; and

555 “(2) The name of the manufacturer and distributor of the game of skill machines
556 and documentation reflecting that the manufacturer and distributor are licensed to do business and
557 pay taxes in the District of Columbia.”.

558 (c) Section 25-508 is amended to read as follows:

559 “§ 25-508. Minimum fee for permits, and manager’s license, and endorsement.

560 “The minimum fees for permits, manager’s license, and endorsement shall be as follows:

561 “Tasting permit for class A licensees \$100/year

562 “Importation permit \$5

563 “Manager’s license \$100/year

564 “On-site sales and consumption permit \$1,000/year

565 “Game of skill machine endorsement \$200”.

566 (d) Chapter 7 is amended as follows:

567 (1) The table of contents is amended by adding a new section designation to read
568 as follows:

569 “§ 25-786. Game of skill machine operating requirements.”.

570 (2) Section 25-763 is amended by adding a new subsection (g) to read as follows:

571 “(g) Exterior signs advertising game of skill machines shall be prohibited on the licensed
572 establishment.”.

573 (3) Section 25-765 is amended by adding a new subsection (c) to read as follows:

574 “(c) Advertisements related to game of skill machines shall not be placed on the interior
575 or exterior of a window or on the exterior of a door that is used to enter or exit the licensed
576 establishment.”.

577 (4) A new section 25-786 is added to read as follows:

578 “§ 25-786. Game of skill machine operating requirements.

579 “A licensee with a game of skill machine endorsement shall:

580 “(1) Not allow or permit a person under 18 years of age to play a game of skill
581 machine and shall designate an employee to regularly monitor the designated area where game of
582 skill machines are played to ensure that no person under 18 years of age is playing or attempting
583 to play a game of skill machine;

584 “(2) Verify that each person playing a game of skill machine is lawfully permitted
585 to do so by checking the person’s government-issued identification document upon entry into
586 either the licensed establishment or the designated area where the game of skill machines are
587 located and where the person seeks to cash out his or her winnings, if any; except, that the failure
588 of a licensee to verify a person’s identification shall not be a violation of this paragraph if the
589 person whose identification was not checked is 18 years of age or older;

590 “(3) Not allow or permit a person that appears intoxicated or under the influence
591 of a narcotic or other substance to play a game of skill machine;

592 “(4) Not share revenue from the licensee’s sale of alcohol with a manufacturer or
593 distributor of a game of skill machine, unless approved by the Board as an owner of the license;

594 “(5) Not allow or permit the placement of a game of skill machine on an outdoor
595 public or private space that has not been approved by the Board;

596 “(6) Not allow or permit the placement of a game of skill machine outside of the
597 designated areas contained on the applicant’s diagram provided as part of the license application
598 or outside the areas approved by the Board;

599 “(7) Not have more than 5 game of skill machines on the licensed premises; and

600 “(8) Install security cameras that are operational and record for 30 days, in the
601 areas designated for game of skill machines, near the cash register or terminal where cash
602 winnings of game of skill machines are processed, and where the licensee’s money is stored.”.

603 (e) Section 25-801 is amended by adding a new subsection (h) to read as follows:

604 “(h) An ABRA investigator may request and check the identification of a person who has
605 played, is playing, or is attempting to play a game of skill machine. An ABRA investigator may
606 seize fake identification used by a person under 18 years of age and may seize such records
607 related to a game of skill machine as the investigator considers appropriate to investigate the
608 playing of a game of skill machine by a person under 18 years of age.”.

609 Sec. 4. Section 865 of An Act To establish a code of law for the District of Columbia,
610 approved March 3, 1901 (31 Stat. 1331; D.C. Official Code § 22-1704), is amended as follows:

611 (a) The existing text is designated as subsection (a).

612 (b) A new subsection (b) is added to read as follows:

613 “(b) It shall be unlawful to install or operate a game of skill machine in the District
614 except as permitted by Title IV of the Law to Legalize Lotteries, Daily Numbers Games, and
615 Bingo Raffles for Charitable Purposes in the District of Columbia, passed on 2nd reading on
616 December 1, 2020 (Enrolled version of Bill 23-964) (“Title IV”). Whoever shall install or
617 operate a game of skill machine in the District in violation of Title IV shall be guilty of a
618 misdemeanor and, upon conviction thereof, shall be imprisoned for not more than 180 days or
619 fined not more than the amount set forth in section 101 of the Criminal Fine Proportionality
620 Amendment Act of 2012, effective June 11, 2013 (D.C. Law 19-317; D.C. Official Code § 22-
621 3571.01), or both.”.

622 Sec. 5. Applicability.

623 This act shall apply as of December 29, 2020.

624 Sec. 6. Fiscal impact statement.

625 The Council adopts the fiscal impact statement in the committee report for Fiscal Year
626 2021 Budget Support Clarification Amendment Act of 2020, enacted on January 13, 2021 (D.C.
627 Act 23-590; 68 DCR 001156), as the fiscal impact statement required by section 4a of the
628 General Legislative Procedures Act of 1975, approved October 16, 2006 (120 Stat. 2038; D.C.
629 Official Code § 1-301.47a).

630 Sec. 7. Effective date.

631 This act shall take effect following approval by the Mayor (or in the event of veto by the
632 Mayor, action by the Council to override the veto), and shall remain in effect for no longer than

633 90 days, as provided for emergency acts of the Council of the District of Columbia in section
634 412(a) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 788;
635 D.C. Official Code § 1-204.12(a)).
636