STATE OF NEW YORK

994--C

2017-2018 Regular Sessions

IN SENATE

January 6, 2017

Introduced by Sens. BONACIC, AVELLA, GALLIVAN, MARCHIONE, O'MARA, RITCHIE, SANDERS, SAVINO -- read twice and ordered printed, and when printed to be committed to the Committee on Racing, Gaming and Wagering -- reported favorably from said committee and committed to the Committee on Finance -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- recommitted to the Committee on Racing, Gaming and Wagering in accordance with Senate Rule 6, sec. 8 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the general municipal law, in relation to electronic bell jar games

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Legislative findings and purpose. 1. The legislature hereby finds that:

(a) bell jar games are a popular and profitable fundraising mechanism for bona fide not-for-profit organizations across the state, generating millions of dollars in net revenues for charitable purposes every year;

(b) authorized organizations that offer bell jars and other games of chance must meet strict standards established by the New York state general municipal law and the New York state gaming commission, including receiving a license to conduct charitable gaming activities; and

(c) while other types of gaming in New York state have continued to expand and improve, the operation of charitable gaming activities has largely remained the same over the last several decades.

2. For the aforementioned reasons, the legislature hereby declares that authorized organizations licensed by the New York state gaming commission to conduct charitable gaming would greatly benefit from the ability to operate electronic bell jar vending machines, which display

EXPLANATION--Matter in *italics* (underscored) is new; matter in brackets [-] is old law to be omitted.

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and dispense pre-printed bell jar tickets that have predetermined winners and predetermined values for prizes, in order to help increase charitable gaming profits across the state and attract more members to join such organizations.

§ 2. Subdivision 3-a of section 186 of the general municipal law, as amended by chapter 531 of the laws of 2011, is amended to read as follows:

3-a. "Bell jars" shall mean and include those games in which a participant shall draw a card from a jar, vending machine, **including an electronic bell jar vending machine,** or other suitable device or container which contains numbers, colors or symbols that are covered and which, when uncovered, may reveal that a prize shall be awarded on the basis of a designated winning number, color or symbol or combination of numbers, colors or symbols. Bell jars shall also include seal cards, coin boards, event games, and merchandise boards. **An electronic bell jar vending machine shall use electronic features to display and dispense pre-printed bell jar tickets, including audio and video features to display information about a ticket being dispensed, provided that such features do not affect the outcome of the game.**

§ 3. Subdivision 9 of section 188-a of the general municipal law, as added by chapter 960 of the laws of 1976, is amended to read as follows:

9. **(a)** The [~~board~~] **commission** shall have the power to approve and establish a standard set of games of chance equipment and shall by its rules and regulations prescribe the manner in which such equipment is to be reproduced and distributed to licensed authorized organizations. The sale or distribution to a licensed authorized organization of any equipment other than that contained in the standard set of games of chance equipment shall constitute a violation of this section.

(b) After the effective date of the chapter of the laws of two thousand eighteen that amended this subdivision, no electronic bell jar vending machine shall be sold, leased, distributed, installed, or operated by any manufacturer, distributor, or charitable organization until such machine has been approved by the commission. No electronic bell jar vending machine shall be approved by the commission unless the operation of the game demonstrates that there is a finite probability basis of having a predetermined quantity of chances among which there is a predetermined quantity of winners that pay a fixed and predetermined value of prizes, regardless of the symbols that are used or how those symbols are displayed on pre-printed bell jar tickets.

§ 4. Subdivision 3 of section 189 of the general municipal law, as amended by chapter 337 of the laws of 1998, is amended to read as follows:

3. No authorized organization licensed under the provisions of this article shall purchase, lease, or receive any supplies or equipment specifically designed or adapted for use in the conduct of games of chance from other than a supplier licensed by the board or from another authorized organization. Lease terms and conditions shall be subject to rules and regulations promulgated by the board. The provisions of this article shall not be construed to authorize or permit an authorized organization to engage in the business of leasing games of chance, supplies, or equipment. Furthermore, no organization shall purchase bell jar tickets[~~,~~] or deals of bell jar tickets**, or purchase or lease any electronic bell jar vending machine,** from any other person or organization other than those specifically authorized under sections one hundred ninety-five-n and one hundred ninety-five-o of this article.

§ 5. The opening paragraph of section 189-a of the general municipal law, as amended by chapter 164 of the laws of 2003, is amended to read as follows:

No person, firm, partnership, corporation or organization, shall sell or distribute supplies or equipment specifically designed or adapted for use in conduct of games of chance without having first obtained a license therefor upon written application made, verified and filed with the [~~board~~] **commission** in the form prescribed by the rules and regulations of the [~~board~~] **commission**. As a part of its determination concerning the applicant's suitability for licensing as a games of chance supplier, the [~~board~~] **commission** shall require the applicant to furnish to the [~~board~~] **commission** two sets of fingerprints. Such fingerprints shall be submitted to the division of criminal justice services for a state criminal history record check, as defined in subdivision one of section three thousand thirty-five of the education law, and may be submitted to the federal bureau of investigation for a national criminal history record check. Manufacturers of bell jar tickets shall be considered suppliers of such equipment. In each such application for a license under this section shall be stated the name and address of the applicant; the names and addresses of its officers, directors, shareholders or partners; the amount of gross receipts realized on the sale and rental of games of chance supplies and equipment to duly licensed authorized organizations during the last preceding calendar or fiscal year, and such other information as shall be prescribed by such rules and regulations. The fee for such license shall be a sum equal to twenty-five dollars plus an amount equal to two per centum of the gross sales and rentals, if any, of games of chance equipment and supplies to authorized organizations or authorized games of chance lessors by the applicant during the preceding calendar year, or fiscal year if the applicant maintains his accounts on a fiscal year basis**; provided, however, that for manufacturers of electronic bell jar vending machines, the fee for such license shall be one thousand dollars**. No license granted pursuant to the provisions of this section shall be effective for a period of more than one year.

§ 6. Section 195-c of the general municipal law is amended by adding three new subdivisions 3, 4, and 5 to read as follows:

3. Each electronic bell jar vending machine that has been approved by the commission pursuant to paragraph (b) of subdivision nine of section one hundred eighty-eight-a of this article shall have the ability to:

(a) read a barcode or similar form of encryption or marking on the pre-printed bell jar ticket;

(b) reveal results and other game information through audio and video displays;

(c) verify if a bell jar ticket is redeemable for a prize;

(d) electronically aggregate winning prizes for continued play;

(e) produce a voucher for prize redemption; and

(f) track the sales of tickets and report such sales to the commission.

4. The following information shall be displayed by each electronic bell jar vending machine:

(a) the total number of tickets in each deal;

(b) the price of each ticket;

(c) the number and amount of prizes available or remaining in each deal;

(d) the number and amounts of prizes that have been claimed in each deal;

(e) the number of winners per ticket and its respective winning numbers or symbols;
(f) the name of the game; and
(g) the name or logo of the manufacturer of the tickets.
5. When a voucher is produced by an electronic bell jar vending machine for prize redemption, the following information shall appear on such voucher:
(a) the aggregate prize amount payable to the player;
(b) the value of any unused tickets;
(c) the device number or other identification method for the vending machine that produced such voucher;
(d) the date and time that such voucher was printed;
(e) the sequential number of such voucher;
(f) a barcode or similar form of encryption that may be used to validate the prize amount payable to the player; and
(g) the period of time during which unused tickets or prize amounts must be claimed.

§ 7. Subdivisions 1 and 4 of section 195-n of the general municipal law, as amended by chapter 637 of the laws of 1999, are amended to read as follows:

1. Distribution; manufacturers. For business conducted in this state, manufacturers licensed by the [~~board~~] commission to sell bell jar tickets or electric bell jar vending machines shall sell only such tickets or vending machines to distributors licensed by the [~~board~~] commission. Manufacturers of bell jar tickets, seal cards, merchandise boards, and coin boards may submit samples, artists' renderings, or color photocopies of proposed bell jar tickets, seal cards, merchandise boards, coin boards, payout cards, and flares for review and approval by the [~~board~~] commission. Within thirty days of receipt of such sample or rendering, the [~~board~~] commission shall approve or deny such bell jar tickets. Following approval of a rendering of a bell jar ticket, seal card, merchandise board, or coin board by the [~~board~~] commission, the manufacturer shall submit to the [~~board~~] commission a sample of the printed bell jar ticket, seal card, merchandise board, coin board, payout card, and flare for such game. Such sample shall be submitted prior to the sale of the game to any licensed distributor for resale in this state. For coin boards and merchandise boards, nothing herein shall require the submittal of actual coins or merchandise as part of the approval process. Any licensed manufacturer who willfully violates the provisions of this section shall: (a) upon such first offense, have their license suspended for a period of thirty days; (b) upon such second offense, participate in a hearing to be conducted by the [~~board~~] commission, and surrender their license for such period as recommended by the [~~board~~] commission; and (c) upon such third or subsequent offense, have their license suspended for a period of one year and shall be guilty of a class E felony. Any unlicensed manufacturer who violates the provisions of this section shall be guilty of a class E felony.

4. Reports of sales. A manufacturer who sells bell jar tickets for resale in this state shall file with the [~~board~~] commission, on a form prescribed by the [~~board~~] commission a report of all bell jar tickets sold to distributors in the state. The report shall be filed quarterly on or before the twentieth day of the month succeeding the end of the quarter in which the sale was made. The [~~board~~] commission may require that the report be submitted via magnetic media or electronic data transfer. Such report shall also include information regarding any elec-

tronic bell jar vending machines sold or leased to a distributor licensed by the commission.

§ 8. Subdivisions 1, 3, 4, and 5 of section 195-o of the general municipal law, subdivision 1 as amended by chapter 637 of the laws of 1999, subdivisions 3 and 4 as added by chapter 309 of the laws of 1996 and subdivision 5 as amended by section 16 of part MM of chapter 59 of the laws of 2017, are amended to read as follows:

1. Distribution; distributors. Any distributor licensed in accordance with section one hundred eighty-nine-a of this article to distribute bell jar tickets **or electronic bell jar vending machines** shall purchase [~~**bell jar**~~] **such** tickets **and vending machines** only from licensed manufacturers and may manufacture coin boards and merchandise boards only as authorized in subdivision one-a of this section. Licensed distributors of bell jar tickets **and electronic bell jar vending machines** shall sell such tickets **and vending machines** only to not-for-profit, charitable or religious organizations registered by the [~~**board**~~] **commission**. Any licensed distributor who willfully violates the provisions of this section shall: (a) upon such first offense, have their license suspended for a period of thirty days; (b) upon such second offense, participate in a hearing to be conducted by the [~~**board**~~] **commission**, and surrender their license for such period as recommended by the [~~**board**~~] **commission**; and (c) upon such third or subsequent offense, have their license suspended for a period of one year and shall be guilty of a class E felony. Any unlicensed distributor who violates this section shall be guilty of a class E felony.

3. Sales records. A distributor shall maintain a record of all bell jar tickets that it sells **and all electronic bell jar vending machines that it sells or leases**. The record shall include, but need not be limited to:

(a) the identity of the manufacturer from whom the distributor purchased the product;

(b) the serial number of the product;

(c) the name, address, and license or exempt permit number of the organization or person to which the sale was made;

(d) the date of the sale;

(e) the name of the person who ordered the product;

(f) the name of the person who received the product;

(g) the type of product;

(h) the serial number of the product;

(i) the account number identifying the sale from the manufacturer to distributor and the account number identifying the sale from the distributor to the licensed organization; and

(j) the name, form number, or other identifying information for each game.

4. Invoices. **(a)** A distributor shall supply with each sale of a bell jar product an itemized invoice showing the distributor's name and address, the purchaser's name, address, and license number, the date of the sale, the account number identifying the sale from the manufacturer to distributor and the account number identifying the sale from the distributor to the licensed organization, and the description of the deals, including the form number, the serial number and the ideal gross from every deal of bell jar or similar game.

(b) Within five business days after the sale, lease, or distribution of an electronic bell jar vending machine to an authorized organization, the distributor shall provide a copy of an invoice to the commission which shows:

(i) the name and address of the authorized organization;
(ii) the date of sale, lease or distribution;
(iii) the serial number of each such machine; and
(iv) any additional information as the commission may require.

5. Reports. A distributor shall report quarterly to the gaming commission, on a form prescribed by the gaming commission, its sales of each type of bell jar deal or tickets and electronic bell jar vending machines. This report shall be filed quarterly on or before the twentieth day of the month succeeding the end of the quarter in which the sale was made. The gaming commission may require that a distributor submit the quarterly report and invoices required by this section via electronic media or electronic data transfer.

§ 9. Section 195-q of the general municipal law is amended by adding a new subdivision 3 to read as follows:

3. (a) An authorized organization may only operate electronic bell jar vending machines on premises that it owns or leases.

(b) An authorized organization may operate no more than five electronic bell jar vending machines. In no situation may more than five electronic bell jar machines be operated at any leased premises, no matter how many authorized organizations are co-lessees.

(c) No authorized organization may operate electronic bell jar vending machines unless they were a games of chance licensee and conducted bell jar games prior to the effective date of this subdivision. The provisions of this paragraph shall not apply to any military or veterans organization named in subdivisions nine, thirty, thirty-a, thirty-seven, thirty-eight, thirty-eight-a, thirty-eight-b, thirty-nine, forty, forty-one, forty-two, forty-three, forty-four, forty-five, forty-five-a, forty-seven, fifty-three, fifty-four, or fifty-nine of section two of the benevolent orders law, nor shall it apply to an authorized organization which is a successor organization to an authorized organization which was a games of chance licensee and conducted bell jar games prior to the effective date of this subdivision.

(d) Each bell jar vending machine shall generate sales reports and such other information that the commission may direct by regulation in order to determine that such machine is operating in accordance with the provisions of this chapter. The commission shall have access to the server of each electronic bell jar vending machine for the purpose of monitoring and auditing at no cost to the state.

(e) Any unclaimed funds or tickets left in any electronic bell jar vending machine shall be retained by the authorized organization and reported as net proceeds.

§ 10. This act shall take effect on the one hundred eightieth day after it shall have become a law.