

# State of South Dakota

NINETY-FIRST SESSION  
LEGISLATIVE ASSEMBLY, 2016

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## HOUSE BILL NO. 1048

Introduced by: The Committee on Commerce and Energy at the request of the Department of Revenue

1 FOR AN ACT ENTITLED, An Act to revise certain provisions regarding the authority of the  
2 South Dakota Lottery Commission to regulate video lottery.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That § 42-7A-19 be amended to read:

5 42-7A-19. The commission shall establish policy for the operation of the state lottery and  
6 shall consult with and direct the executive director relating to the operation of the state lottery.  
7 Major procurements, as defined in ~~subdivision 42-7A-4(3)~~ § 42-7A-1, recommended by the  
8 executive director, are subject to the approval of the commission.

9 The commission may promulgate rules, pursuant to chapter 1-26, to:

10 (1) Determine the maximum number of video lottery machines any one individual may  
11 have an interest in for placement in South Dakota. For the purposes of this  
12 subdivision, a video lottery machine owned solely by an individual and by any entity  
13 in which the individual is an owner, partner, member, or shareholder counts as a  
14 video lottery machine an individual has an interest in;

15 (2) Determine the total number of video lottery machines that may be placed in any



1 video lottery licensed establishment at a number not to exceed fifteen video lottery  
2 machines. The commission may set additional requirements or conditions for the  
3 placement of each video lottery machine in excess of ten machines;

4 (3) Determine the total amount of money to be bet per play on a game on a video lottery  
5 machine at an amount not to exceed five dollars; and

6 (4) Determine the maximum award per play, at an amount not to exceed twenty-five  
7 thousand dollars, on a game on a video lottery machine.

8 Section 2. That § 42-7A-38 be amended to read:

9 42-7A-38. ~~A video lottery machine may not allow more than two dollars to be played on a~~  
10 ~~game or award free games or credits in excess of one thousand dollars per bet.~~ The payback  
11 value of one credit on a video lottery machine shall be at least eighty percent of the value of the  
12 credit.

13 Section 3. That § 42-7A-44 be amended to read:

14 42-7A-44. The placement of video lottery machines in licensed establishments shall be  
15 subject to the rules of the commission promulgated pursuant to chapter 1-26. ~~No more than ten~~  
16 ~~video lottery machines may be placed in any licensed establishment.~~ The bar or lounge with an  
17 on-sale license issued pursuant to subdivision 35-4-2(12) or (16) shall be restricted to persons  
18 twenty-one years of age or older. The entrance to the area where video lottery machines are  
19 located shall display a sign that the premises are restricted to persons twenty-one years or older.  
20 Notwithstanding the restrictions in §§ 35-4-79 to 35-4-79.2, inclusive, persons under the age  
21 of twenty-one may only enter the premises where video lottery machines are located provided  
22 they are accompanied by a parent, guardian, or spouse of twenty-one years or older.

23 Section 4. That § 42-7A-60 be amended to read:

24 42-7A-60. In addition to the provisions of § 1-25-2, the commission may hold executive or

1 closed meetings for any of the following purposes:

2 (1) Considering applications for licensing when discussing the background investigations  
3 or personnel information;

4 (2) Consulting with the executive director and employees of the lottery concerning  
5 possible lottery rule or law violations;

6 (3) Meeting with lottery officials of other jurisdictions, the attorney general or law  
7 enforcement officials relating to possible criminal violations; ~~or~~

8 (4) Deliberations after hearing evidence on a contested case necessary to reach a  
9 decision; or

10 (5) Discussing business strategies, marketing strategies, pricing strategies, or financial  
11 matters, if public discussion may be harmful to the competitive position of a licensee,  
12 an applicant, or the lottery.