

**COUNCIL OF THE DISTRICT OF COLUMBIA
COMMITTEE OF THE WHOLE
COMMITTEE REPORT**

1350 Pennsylvania Avenue, NW, Washington, DC 20004

DRAFT

TO: All Councilmembers

FROM: Chairman Phil Mendelson
Committee of the Whole

DATE: November 17, 2020

SUBJECT: Report on Bill 23-964, the “Fiscal Year 2021 Budget Support Clarification Amendment Act of 2020”

The Committee of the Whole, to which Bill 23-964 was referred, reports favorably thereon with amendments and recommends approval by the Council.

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I. BACKGROUND AND NEED

On July 28, 2020, the Council adopted the Fiscal Year 2021 Budget Support Act of 2020, enacted August 31, 2020 (D.C. Act 23-407; 67 DCR 10493) (“FY21 BSA”). Following the passage of the Act, staff at the Council and the Office of the Chief Financial Officer identified certain provisions that need to be clarified or amended to effectuate their intent and implement the FY21 budget and financial plan as approved by the Council. Bill 23-964, the Fiscal Year 2021 Budget Support Clarification Act of 2020, makes minor, technical, conforming, and clarifying amendments to various provisions supporting the FY21 budget and financial plan.

Section 2 amends the FY21 BSA, specifically subtitle 2-T, the Expenditures from the Public Housing and Structural Transformation Capital Account Act of 2020. The changes to this subtitle, which established parameters for a new capital project for the D.C. Housing Authority (DCHA), include (1) specifying that the capital project shall be administered by the Office of the Chief Financial Officer (OCFO), with project allotments to be disbursed on a quarterly basis for the planned encumbrances and expenditures for that quarter; (2) clarifying eligible and ineligible

uses; and (3) clarifying requirements for the proposed spending plan. These changes are necessary to provide direction to the OCFO regarding the timing of disbursements and to DCHA on requirements that must be met prior to disbursement.

Section 3 amends the Washington Convention Center Authority Act of 1994 to clarify provisions related to subtitle 7-S of the FY21 BSA, the Excluded Workers Amendment Act of 2020. That subtitle established requirements for financial assistance provided through Events DC to District residents who are not eligible for traditional unemployment benefits. The changes include (1) adding a requirement that applicants demonstrate loss of income due to the public health authority, (2) removing the reference to TANF and other government assistance, (3) providing eligibility for returning citizens whose incarceration ended on March 11, 2020 (the date the public health emergency was established) or later, (4) requiring signed certification that the unemployment status stems from the public health emergency and proof of residency and eligibility; and (5) excluding federal Economic Impact Payments from the definition of “COVID-19 relief.” These changes are necessary to clarify who is eligible for financial support.

Section 4 amends the Commission on the Arts and Humanities Act to clarify that income from sponsorships provided by Events DC should be included when determining whether the annual income of a nonprofit corporation is sufficient for the organization to be included in the National Capital Arts Cohort. This change is necessary to clarify Council intent on cohort eligibility.

Section 5 makes several changes to title 47 of the D.C. Code. First, subsection (a) adds a clarifying provision to § 47-1803.03 regarding capital gains from qualified opportunity fund. The FY21 BSA included subtitle 2-C, the Aligning Opportunity Zone Tax Benefits with DC Community Priorities Amendment Act of 2020, which decoupled the capital gains tax deferral established in the federal 2017 Tax Cuts and Jobs Act for purposes of District income taxes unless the investment meets certain criteria. The subtitle inadvertently omitted the decoupling as to individuals and trusts, which was considered in the fiscal impact of the FY21 BSA; subsection (a) corrects that omission. Second, subsection (b) and (c) make conforming amendments to § 47-2002.02(2) and § 47-2202.01(2) respectively, to include the applicable 1% surtax on the sale of alcoholic drinks “to go” by restaurants. The FY21 BSA included subtitle 7-F, the Off-Premises Alcohol Tax Rate Amendment Act of 2020, which adjusted the tax rate on restaurant to-go alcohol sales to the same rate as alcoholic drinks sold for consumption on the premises; that consumption rate includes the 1% surtax. This change which was considered in the fiscal impact of the FY21 BSA. These changes correct inadvertent omissions in the FY21 BSA.

Section 6 amends the District of Columbia Traffic Act (§ 50-2201.03(j)(3)(F)) to update an outdated cross-reference to the applicable tax code for rental and leased vehicles, which was changed in the FY19 BSA.

Section 7 authorizes the OCFO to impose fees or processing costs related to credit card or other electronic payment methods for payments for licenses, fees, fines, and other obligations to the District government. This change is necessary for the OCFO to collect these dollars, which were anticipated in the FY21 Budget.

Sections 8, 9, and 10 reflect the Revised Game of Skill Machines Consumer Protections Emergency Amendment Act of 2020, effective November 2, 2020 (D.C. Act 23-479) and its corresponding temporary measure, Bill 23-944, in their entirety. These measures repealed subtitle 6-C, the Game of Skill Machines Consumer Protection Amendment Act of 2020, which established a regulatory structure for game of skill machines under the Office of Lottery and Gaming. Sections 8-10 replace that subtitle and clarify enforcement procedures, definitions, taxes and revenue, and applicability dates, among other provisions. These changes were included at the request of the Mayor.

Bill 23-964 provides needed minor, technical, conforming, and clarifying amendments to various provisions supporting the Fiscal Year 2021 budget and financial plan. The Committee therefore recommends approval of Bill 23-964, as reflected in the Committee Print.

II. LEGISLATIVE CHRONOLOGY

May 1, 2020	Notice of public hearings on the proposed Fiscal Year 2021 Budget and Financial Plan is published in the <i>District of Columbia Register</i> (updates to the schedule of budget oversight hearings published May 8, 15, 22, and 29, and June 8, 2020)
May 18, 2020	Bill 23-760, the “Fiscal Year 2021 Budget Support Act of 2020” is introduced by Chairman Mendelson at the request of the Mayor
May 19, 2020	Committee of the Whole holds a public briefing on the Mayor’s Fiscal Year 2021 Proposed Budget and Financial Plan
May 29, 2020	Notice of Intent to Act on Bill 23-760 is published in the <i>District of Columbia Register</i>
June 9, 2020	Bill 23-760 is “read” at the June 9, 2020 regular Legislative Meeting and referred to the Committee of the Whole with comments on specific subtitles from the Council’s standing committees
May 20 - June 17, 2020	Committees hold public hearings on the budgets of the agencies under their purview and the subtitles of the Fiscal Year 2021 Budget Support Act of 2020 that were referred to each for comments
June 17 - 18, 2020	Committee of the Whole holds a two-day public hearing on Bill 23-760, Bill 23-761, Bill 23-762, and Bill 23-763
June 23 - June 25, 2020	Committees mark up and approve their budget recommendations for Fiscal Year 2021
July 7, 2020	Committee of the Whole marks up Bill 23-760

July 28, 2020	Final reading on Bill 23-760
September 21, 2020	Chairman Mendelson introduces Bill 23-908, the Fiscal Year 2021 Budget Support Clarification Emergency Amendment Act of 2020; and Bill 23-909, the Fiscal Year 2021 Budget Support Clarification Temporary Amendment Act of 2020
September 22, 2020	Final reading on Bill 23-908 and first reading on Bill 23-909.
October 2, 2020	Notice of Intent to Act on Bill 23-909 is published in the <i>District of Columbia Register</i>
October 5, 2020	Chairman Mendelson introduces Bill 23-964
October 6, 2020	Bill 23-964 is “read” at the October 6, 2020 regular Legislative Meeting and referred to the Committee of the Whole; final reading on Bill 23-909
October 9, 2020	Abbreviated Notice of Intent to Act on Bill 23-964 is published in the <i>District of Columbia Register</i>
November 17, 2020	Committee of the Whole marks up Bill 23-964

III. POSITION OF THE EXECUTIVE

At the September 22, 2020 legislative meeting, Chairman Mendelson moved Bill 23-908, the Fiscal Year 2021 Budget Support Clarification Emergency Amendment Act of 2020, which includes a substantial part of the attached committee print of Bill 23-964. The Mayor sent a letter that urged passage of Bill 23-908. That emergency measure was approved by unanimous vote and transmitted to the Mayor, who returned it signed on October 15, 2020. At the October 6, 2020 legislative meeting, Councilmember McDuffie moved Bill 23-944, the Revised Game of Skill Machines Consumer Protections Emergency Amendment Act of 2020, the content of which is reflected in sections 8-10 of the committee print of Bill 23-964. That emergency measure was approved by unanimous vote on October 6, 2020 and transmitted to the Mayor, who returned it signed on November 2, 2020.

IV. COMMENTS OF ADVISORY NEIGHBORHOOD COMMISSIONS

The Committee did not receive testimony or comments from any Advisory Neighborhood Commissions on Bill 23-964.

V. LIST OF WITNESSES¹

The Committee of the Whole held a public hearing on Bill 23-760 and other budget-related legislation on June 17 and June 18, 2020.² Pursuant to Council Period 23 rule 501(a)(2), an additional hearing on Bill 23-964 is not required. The June 17 and June 18 hearing record is incorporated by reference.

VI. IMPACT ON EXISTING LAW

Bill 23-964 includes amendments the Fiscal Year 2021 Budget Support Act of 2020, the Washington Convention Center Authority Act of 1994, Titles 22, 25, and 47 of the D.C. Official Code, the Commission on the Arts and Humanities Act, and the District of Columbia Traffic Act, 1925. These amendments clarify provisions supporting the Fiscal Year 2021 budget and financial plan.

VII. FISCAL IMPACT

Funds are sufficient in the fiscal year 2021 through 2024 budget and financial plan to implement the provisions of Bill 23-964, as noted in the attached fiscal impact statement issued by the Chief Financial Officer.

VIII. SECTION-BY-SECTION ANALYSIS

<u>Section 1</u>	States the short title of Bill 23-964.
<u>Section 2</u>	Amends the Fiscal Year 2021 Budget Support Act of 2020 to clarify provisions included in subtitle 2-T, the Expenditures from the Public Housing and Structural Transformation Capital Account Act of 2020
<u>Section 3</u>	Amends the Washington Convention Center Authority Act of 1994 to clarify provisions related to cash assistance from Events DC for excluded workers.
<u>Section 4</u>	Amends the Commission on the Arts and Humanities Act regarding eligibility for the National Capital Arts Cohort.
<u>Section 5</u>	Amends title 47 of the D.C. Official Code to clarify FY21 BSA provisions related to capital gains and the sale of spirits.
<u>Section 6</u>	Amends the District of Columbia Traffic Act of 1925 to update a cross reference the applicable tax code for rental and leased vehicles.

¹ Note: Written testimony and comments are included in the hearing record for Bill 23-760.

² The Council's committees held hearings between May 20 and June 16, 2020, inclusive, on the Mayor's proposed budget; in many cases, testimony at those hearings addressed various provisions of the Fiscal Year 2021 BSA.

- Section 7 Authorizes the Chief Financial Officer to collect fees and processing costs related to credit card or other electronic payment methods.
- Section 8 Amends the Law to Legalize Lotteries, Daily Numbers Games, and Bingo and Raffles for Charitable Purposes in the District of Columbia to clarify provisions related to game of skill machines.
- Section 9 Amends title 25 of the D.C. Official Code to address penalties related to game of skill machines.
- Section 10 Amends An Act to establish a code of law for the District of Columbia to include penalties related to game of skill machines installation and operation.
- Section 11 States an applicability date of October 1, 2020.
- Section 12 Fiscal impact statement.
- Section 13 Effective date.


IX. COMMITTEE ACTION

X. ATTACHMENTS

1. Bill 23-964 as introduced
2. Mayor's Letter of September 22, 2020
3. Fiscal Impact Statement for Bill 23-964
4. Legal Sufficiency Determination for Bill 23-964
5. Committee Print for Bill 23-964

COUNCIL OF THE DISTRICT OF COLUMBIA
1350 Pennsylvania Avenue, N.W.
Washington D.C. 20004

Memorandum

To : Members of the Council
From :  Nyasha Smith, Secretary to the Council
Date : Monday, October 5, 2020
Subject : Referral of Proposed Legislation

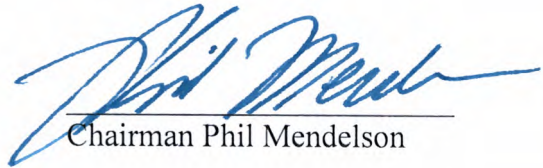
Notice is given that the attached proposed legislation was introduced in the Office of the Secretary on Monday, October 05, 2020. Copies are available in Room 10, the Legislative Services Division.

TITLE: "Fiscal Year 2021 Budget Support Clarification Amendment Act of 2020",
B23-0964

INTRODUCED BY: Chairman Mendelson

The Chairman is referring this legislation to Committee of the Whole.

Attachment
cc: General Counsel
Budget Director
Legislative Services


Chairman Phil Mendelson

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A BILL

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To amend the Fiscal Year 2021 Budget Support Act of 2020, the Fiscal Year 2021 Budget Support Emergency Act of 2020, the Washington Convention Center Authority Act of 1994, Title 47 of the D.C. Official Code, and the District of Columbia Traffic Act, 1925, to clarify provisions supporting the Fiscal Year 2021 budget; to authorize the Chief Financial Officer to impose a fee or processing cost related to a payment made by credit card or other electronic payment method; and to amend Title 25 of the District of Columbia Official Code to authorize, define, and regulate games of skill.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the “Fiscal Year 2021 Budget Support Clarification Amendment Act of 2020”.

Sec. 2. The Fiscal Year 2021 Budget Support Act of 2020, enacted on August 31, 2020 (D.C. Act 23-407; 67 DCR 10493), is amended as follows:

(a) Section 2192 is amended as follows:

(1) Subsection (a) is amended to read as follows:

“(a)(1) Capital project DHA21C (“DHA21C”) shall be administered by the Office of the Chief Financial Officer (“OCFO”), with available project allotments advanced to the District of Columbia Housing Authority (“Authority”) on a quarterly basis for the encumbrances and

36 expenditures planned for that quarter; provided, that the requirements of subsection (b) of this
37 section are met.

38 “(2) DHA21C funds shall be used by the Authority to fund capital-eligible
39 construction, renovation, or rehabilitation subprojects that:

40 “(A) Increase the longevity of public housing units;

41 “(B) Prevent existing tenants from being displaced; or

42 “(C) Increase the availability of public housing units for existing District
43 of Columbia residents listed on the Authority's waitlist.

44 “(3) DHA21C funds shall not be used to fund the Authority’s operating costs,
45 renovation, or rehabilitation of any unit set to be demolished, sold, or otherwise removed from
46 the Authority inventory, or any administrative or overhead costs not specifically attributable to a
47 subproject.”.

48 (2) Subsection (b) is amended to read as follows:

49 “(b)(1) Each fiscal year that DHA21C funds are available, the Authority shall submit to
50 the Mayor, the Council, and the OCFO a proposed spending plan, which shall include:

51 “(A) Documentation that planned encumbrances and expenditures are
52 capital eligible; and

53 “(B) Information on each subproject for which the Authority proposes to
54 use DHA21C funds, including, at a minimum:

55 “(i) The proposed location of the subproject;

56 “(ii) A detailed proposed scope of the subproject;

57 “(iii) A detailed proposed line-item budget for the subproject;

58 “(iv) A detailed proposed timeline for the subproject; and

59 “(v) A statement of whether the implementation of the proposed
60 subproject will require the relocation of tenants and, if relocation is required, a detailed proposed
61 relocation plan.

62 “(2) In the event of significant delays or changes in planned encumbrances and
63 expenditures for any subproject during the fiscal year, the Authority shall update its spending
64 plan and provide additional documentation as needed to minimize unencumbered and
65 unexpended transfers, avoid causing the District to incur unnecessary debt service costs, and
66 ensure that all subproject encumbrances and expenditures are capital eligible.”.

67 (3) A new subsection (d) is added to read as follows:

68 “(d) The Inspector General of the District of Columbia shall audit the Authority’s capital
69 project DHA21C financial statements for the previous fiscal year not later than February 1, 2021,
70 and not later than each February 1 thereafter for as long as DHA21C funds remain unspent by
71 the Authority. The Inspector General shall submit to the Mayor, the Chief Financial Officer, and
72 the Council a report on the results of each audit.”.

73 (b) Amendatory section 203a of the Washington Convention Center Authority Act of
74 1994, enacted on August 31, 2020 (D.C. Act 23-407; 67 DCR 10493), in section 7212 is
75 amended as follows:

76 (1) Subsection (a) is amended as follows:

77 (A) The lead-in language is amended as follows:

78 (i) Strike the phrase “the Washington Convention and Sports
79 Authority shall” and insert the phrase “the Washington Convention and Sports Authority
80 (“Events DC”) shall” in its place.

81 (ii) Strike the phrase “a District resident shall” and insert the
82 phrase “a District resident shall, at the time of application for assistance under this section” in its
83 place.

84 (B) Paragraph (1) is amended to read as follows:

85 “(1) Demonstrate loss of income due to the public health emergency;”.

86 (C) Paragraph (2) is amended to read as follows:

87 “(2)(A) Be ineligible for:

88 “(i) Unemployment insurance; or

89 “(ii) COVID-19 relief; or

90 “(B) Be a returning citizen, as defined by section 2(5) of the Office on Ex-
91 Offender Affairs and Commission on Re-Entry and Ex-Offender Affairs Establishment Act of
92 2006, effective March 8, 2007 (D.C. Law 16-243; D.C. Official Code § 24-1301(5)), whose
93 incarceration ended not more than 6 months before the time of application for assistance under
94 this section; and”.

95 (C) A new paragraph (3) is added to read as follows:

96 “(3) Provide a:

97 “(A) Signed certification that the resident’s loss of income stems from the
98 public health emergency; and

99 “(B) Proof of residency and eligibility for relief, as determined by Events
100 DC and consistent with rules and standards for COVID-19 relief programs administered by
101 Events DC.”.

102 (2) Subsection (d)(2) is amended to read as follows:

103 “(2) COVID-19 relief” means federal monetary unemployment assistance
104 provided under the Coronavirus Aid, Relief, and Economic Security Act, approved March 27,
105 2020 (134 Stat. 281; 15 U.S.C. § 9001 *et seq.*), which shall include tax credits but shall not
106 include federal Economic Impact Payments or other stimulus relief for which eligibility is not
107 contingent on the recipient’s employment status.”.

108 Sec. 3. Section 2192 of the Fiscal Year 2021 Budget Support Emergency Act of 2020,
109 effective August 19, 2020 (D.C. Act 23-404; 67 DCR 10098), is amended as follows:

110 (a) Subsection (a) is amended to read as follows:

111 “(a)(1) Capital project DHA21C (“DHA21C”) shall be administered by the Office of the
112 Chief Financial Officer (“OCFO”), with available project allotments advanced to the District of
113 Columbia Housing Authority (“Authority”) on a quarterly basis for the encumbrances and
114 expenditures planned for that quarter; provided, that the requirements of subsection (b) of this
115 section are met.

116 “(2) DHA21C funds shall be used by the Authority to fund capital-eligible
117 construction, renovation, or rehabilitation subprojects that:

118 “(A) Increase the longevity of public housing units;

119 “(B) Prevent existing tenants from being displaced; or

120 “(C) Increase the availability of public housing units for existing District
121 of Columbia residents listed on the Authority's waitlist.

122 “(3) DHA21C funds shall not be used to fund the Authority’s operating costs,
123 renovation, or rehabilitation of any unit set to be demolished, sold, or otherwise removed from
124 the Authority inventory, or any administrative or overhead costs not specifically attributable to a
125 subproject.”.

126 (b) Subsection (b) is amended to read as follows:

127 “(b)(1) Each fiscal year that DHA21C funds are available, the Authority shall submit to
128 the Mayor, the Council, and the OCFO a proposed spending plan, which shall include:

129 “(A) Documentation that planned encumbrances and expenditures are
130 capital eligible; and

131 “(B) Information on each subproject for which the Authority proposes to
132 use DHA21C funds, including, at a minimum:

133 “(i) The proposed location of the subproject;

134 “(ii) A detailed proposed scope of the subproject;

135 “(iii) A detailed proposed line-item budget for the subproject;

136 “(iv) A detailed proposed timeline for the subproject; and

137 “(v) A statement of whether the implementation of the proposed
138 subproject will require the relocation of tenants and, if relocation is required, a detailed proposed
139 relocation plan.

140 “(2) In the event of significant delays or changes in planned encumbrances and
141 expenditures for any subproject during the fiscal year, the Authority shall update its spending
142 plan and provide additional documentation as needed to minimize unencumbered and
143 unexpended transfers, avoid causing the District to incur unnecessary debt service costs, and
144 ensure that all subproject encumbrances and expenditures are capital eligible.”.

145 (c) A new subsection (d) is added to read as follows:

146 “(d) The Inspector General of the District of Columbia shall audit the Authority’s capital
147 project DHA21C financial statements for the previous fiscal year not later than February 1, 2021,
148 and not later than each February 1 thereafter for as long as DHA21C funds remain unspent by

149 the Authority. The Inspector General shall submit to the Mayor, the Chief Financial Officer, and
150 the Council a report on the results of each audit.”.

151 Sec. 4. Section 203a of the Washington Convention Center Authority Act of 1994,
152 effective August 19, 2020 (D.C. Act 23-404; 67 DCR 10098), is amended as follows:

153 (a) Subsection (a) is amended as follows:

154 (1) The lead-in language is amended as follows:

155 (A) Strike the phrase “the Washington Convention and Sports Authority
156 shall” and insert the phrase “the Washington Convention and Sports Authority (“Events DC”)
157 shall” in its place.

158 (B) Strike the phrase “a District resident shall” and insert the phrase “a
159 District resident shall, at the time of application for assistance under this section” in its place.

160 (2) Paragraph (1) is amended to read as follows:

161 “(1) Demonstrate loss of income due to the public health emergency;”.

162 (3) Paragraph (2) is amended to read as follows:

163 “(2)(A) Be ineligible for:

164 “(i) Unemployment insurance; or

165 “(ii) COVID-19 relief; or

166 “(B) Be a returning citizen, as defined by section 2(5) of the Office on Ex-
167 Offender Affairs and Commission on Re-Entry and Ex-Offender Affairs Establishment Act of
168 2006, effective March 8, 2007 (D.C. Law 16-243; D.C. Official Code § 24-1301(5)), whose
169 incarceration ended not more than 6 months before the time of application for assistance under
170 this section; and”.

171 (4) A new paragraph (3) is added to read as follows:

172 “(3) Provide a:
173 “(A) Signed certification that the resident’s loss of income stems from the
174 public health emergency; and

175 “(B) Proof of residency and eligibility for relief, as determined by Events
176 DC and consistent with rules and standards for COVID-19 relief programs administered by
177 Events DC.”.

178 (b) Subsection (d)(2) is amended to read as follows:

179 “(2) COVID-19 relief” means federal monetary unemployment assistance
180 provided under the Coronavirus Aid, Relief, and Economic Security Act, approved March 27,
181 2020 (134 Stat. 281; 15 U.S.C. § 9001 *et seq.*), which shall include tax credits but shall not
182 include federal Economic Impact Payments or other stimulus relief for which eligibility is not
183 contingent on the recipient’s employment status.”.

184 Sec. 5. Title 47 of the District of Columbia Official Code is amended as follows:

185 (a) Section 47-2002.02(2) is amended as follows:

186 (1) Subparagraph (B) is amended by striking the phrase “; or” and inserting a
187 semicolon in its place.

188 (2) Subparagraph (C) is amended by striking the period and inserting the phrase “;
189 or” in its place.

190 (3) A new subparagraph (D) is added to read as follows:

191 “(D) Spirituous or malt liquors, beers, and wine sold by an alcoholic
192 beverage licensee acting under authority of §§ 25-112(h)(1), 25-113(a)(3)(C), or 25-113.01(f) or
193 (g).”.

194 (b) Section 47-2202.01(2) is amended as follows:

195 (1) Subparagraph (B) is amended by striking the phrase “; or” and inserting a
196 semicolon in its place.

197 (2) Subparagraph (C) is amended by striking the period and inserting the phrase “;
198 or” in its place.

199 (3) A new subparagraph (D) is added to read as follows:

200 “(D) Spirituous or malt liquors, beers, and wine sold by an alcoholic
201 beverage licensee acting under authority of §§ 25-112(h)(1), 25-113(a)(3)(C), or 25-113.01(f) or
202 (g).”.

203 Sec. 6. Section 6(j)(3)(F) of the District of Columbia Traffic Act, 1925, approved March
204 3, 1925 (43 Stat. 1121; D.C. Official Code § 50-2201.03(j)(3)(F)), is amended by striking the
205 phrase “described in section 125(3)(C) of the District of Columbia Sales Tax Act, approved May
206 27, 1949 (63 Stat. 115; D.C. Official Code § 47-2002(3)(C))” and inserting the phrase “described
207 in D.C. Official Code §§ 47-2002(a)(4B) and 47-2002.02(2)(C)” in its place.

208 Sec. 7. Chief Financial Officer collection of fees and processing costs.

209 (a) For any payment made by credit card or other electronic payment method, the Chief
210 Financial Officer may impose any fee or processing cost related to the transfer or payment
211 method.

212 (b) The Office of the Chief Financial Officer may promulgate regulations to implement
213 the provisions of this section.

214 Sec. 8. The Law to Legalize Lotteries, Daily Numbers Games, and Bingo and Raffles for
215 Charitable Purposes in the District of Columbia, effective March 10, 1981 (D.C. Law 3-172;
216 D.C. Official Code §§ 22-1716 to 22-1718 and 36-601.01 *et seq.*), is amended as follows:

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

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

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

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

221 “(a) There is established as an enterprise fund the Lottery, Gambling, and Gaming Fund
222 (“Fund”), which shall be administered by the Chief Financial Officer. Revenue from the
223 following sources shall be deposited into the Fund or a division of the Fund, as established by the
224 Chief Financial Officer:

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

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

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

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

231 “TITLE IV. GAME OF SKILL MACHINES.

232 “Sec. 401. Definitions

233 “For purposes of this title, the term:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

291 “(A) Manufacturer;

292 “(B) Distributor; and

293 “(C) Retailer.

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

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

302 “(2) The applicant shall submit an application to the Office, in a form determined
303 by the Office, for fingerprints for a national criminal records check by the Metropolitan Police
304 Department and the Federal Bureau of Investigation of all individuals required to be named in
305 the application and a signed authorization of each individual submitting fingerprints for the
306 release of information by the Metropolitan Police Department and the Federal Bureau of
307 Investigation.

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

310 “(d) The Office shall require proof of good standing pursuant to D.C. Official Code § 29-
311 102.08 of an applicant for a license pursuant to this title and may, in addition, require
312 certification that the Citywide Clean Hands Database indicates that the proposed licensee is
313 current with its District taxes.

314 “(e) Proprietary information, trade secrets, financial information, and personal
315 information about a person in an application submitted to the Office pursuant to this title shall
316 not be a public record and shall not be made available under the Freedom of Information Act of
317 1976, effective March 29, 1977 (D.C. Law 1-96; D.C. Official Code § 2-531 *et seq.*), or any
318 other law.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

351 or

352 “(C) Is an entity that sells more than 10% of a licensee’s voting interests,
353 more than 10% of the voting interests of an entity that controls the licensee, or sells a licensee’s

354 assets to an individual or entity not already determined by the Office to have met the
355 qualifications of a licensee pursuant to this title.

356 “Sec. 405. Conflicts of interest.

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

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

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

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

368 “Sec. 406. Manufacturer licensure.

369 “(a) A person may not, after March 31, 2021, manufacture a game of skill machine in the
370 District or manufacture and cause to be delivered into the District a game of skill machine,
371 unless the person has a valid manufacturer’s license issued under this title. A manufacturer may,
372 after March 31, 2021, only sell or lease game of skill machines for use in the District to persons
373 having a valid distributor’s license.

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

376 “(1) The name of the applicant;

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

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

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

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

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

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

392 “Sec. 407. Distributor licensure.

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

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

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

399 “(3) Repair, replace, maintain, or service a game of skill machine or a major
400 component or part of a game of skill machine in the District or market the repair, replacement, or
401 maintenance of a game of skill machine or a major component or part of a game of skill machine
402 in the District.

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

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

414 “(1) The name of the applicant;

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

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

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

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

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

428 “(f) An applicant for a distributor’s license shall pay a nonrefundable application fee of
429 \$10,000 with the application.

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

433 “(h) A distributor shall submit to the Office, at such times as are established by the Office
434 by rule, a list of all models and versions of game of skill machines sold, delivered, or offered to a
435 retailer. All such equipment shall be tested and approved by an independent testing laboratory
436 approved as provided in section 409.

437 “Sec. 408. Retailer licensure.

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

440 “(1) Is a licensed establishment;

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

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

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

449 “(1) The name of the applicant;

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

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

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

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

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

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

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

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

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

471 “(A) A model or version of a game of skill machine for which an
472 endorsement was approved by the ABC Board under D.C. Official Code § 25-401 before
473 October 1, 2020, shall not be subject to testing or approval under this section unless required by
474 the Office by rule; provided, that each such game of skill machine shall be required to comply
475 with subsection (b)(12) of this section.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

530 “(c) The Office may issue rules to establish additional licensing and registration
531 requirements for the purposes of preserving the integrity and security of game of skill machines
532 in the District, including by prohibiting game of skill machines that approximate the look or feel
533 of a gambling device.

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

536 “(a) After March 31, 2021, no distributor shall distribute a game of skill machine to a
537 retailer or allow the continued distribution of its game of skill machine at a retailer’s licensed
538 establishment, and no retailer shall allow the distribution of a game of skill machine to the
539 retailer or allow the installation or operation of a game of skill machine at its licensed
540 establishment, unless:

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

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

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

549 “(c) A distributor shall not have distributed more than 5 game of skill machines to a
550 licensed establishment at any time and a retailer shall not allow more than 5 game of skill
551 machines to be operated or located on a licensed premises at any time.

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

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

557 “(1) The minimum age required to play a game of skill machine;
558 “(2) The contact information for the District’s gambling hotline; and
559 “(3) The contact information for the Office of Lottery and Gaming for purposes of
560 filing a complaint against the manufacturer, distributor, or retailer.

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

564 “Sec. 411. Cash award.

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

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

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

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

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

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

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

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

583 “Sec. 413. Centralized accounting system.

584 “(a)(1) Within 365 days after the effective date of this title, the Office shall procure a
585 centralized accounting system for games of skill machines, which shall be linked to a
586 communications networks. All games of skill machines registered in the District shall connect to
587 the centralized accounting system through the communications network. The centralized
588 accounting system shall be administered by the Office and shall allow for the accounting,
589 reporting, monitoring, and reading of game of skill machine activities by the District for the
590 purposes of assisting the Office in determining compliance with, and enforcing, the provisions of
591 this title and the rules issued pursuant to this title. The centralized accounting system shall also
592 allow for game of skill machines to be activated and deactivated remotely by the Office.

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

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

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

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

601 “(c) Employees and agents of a contractor or subcontractor of the Office that is engaged
602 in building, operating, maintaining, or contracting to build, operate, or maintain the centralized

603 accounting system, and the immediate family members of such employees and agents, shall be
604 prohibited from obtaining a license under this title.

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

608 “Sec. 414. Insurance.

609 The Office may require by rule issued pursuant to this title that a distributor maintain
610 liability insurance on the game of skill machines that it places in licensed establishments or that a
611 retailer maintain liability insurance on the game of skill machines that are located in its licensed
612 establishment.

613 “Sec. 415. Penalties.

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

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

617 “(2) Revoke a licensee’s license; and

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

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

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

625 “Sec. 416. Authority of the Office.

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

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

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

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

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

641 “(1) The game of skill machine license has been suspended, revoked, or cancelled
642 by the Office;

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

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

645 “Sec. 417. Investigations and inspections.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

688 “Sec. 420. Deposit of license fees.

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

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

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

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

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

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

699 “(3) Standards for inspecting licensed establishments for compliance with this
700 title;

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

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

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

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

707 “(8) Methods of age verification;

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

709 “(10) Posting requirements;

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

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

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

714 Sec. 9. Title 25 of the District of Columbia Official Code is amended as follows:

715 (a) Section 25-101 is amended as follows:

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

717 “(22B) “Game of skill machine” has the meaning set forth in section 401(6) of the
718 Law to Legalize Lotteries, Daily Numbers Games, and Bingo and Raffles for Charitable
719 Purposes in the District of Columbia, passed on emergency basis on October 6, 2020 (Enrolled
720 version of Bill 23-___).”.

721 (2) A new paragraph (53A) is added to read as follows:

722 “(53A) “Voucher” means a ticket issued by a game of skill machine that is
723 redeemable for cash winnings.”.

724 (b) Section 25-113a is amended as follows:

725 (1) The section is redesignated as § 25-113.01.

726 (2) The section heading is amended to read as follows:

727 “§ 25-113.01. License endorsements.”.

728 (3) A new subsection (e) is added to read as follows:

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

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

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

738 “(ii) Adequately secured against unauthorized entrance; and
739 “(iii) Accessible only by patrons from within the establishment.

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

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

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

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

747 “(2) The name of the manufacturer and distributor of the game of skill machines
748 and documentation reflecting that the manufacturer and distributor are licensed to do business and
749 pays taxes in the District of Columbia.”.

750 (d) Section 25-508 is amended to read as follows:

751 “25-508. Minimum fee for permits, and manager’s license, and endorsement.

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

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

754 “Importation permit \$5

755 “Manager’s license \$100/year

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

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

758 (e) The table of contents of Chapter 7 is amended as follows:

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

761 “§ 25-786. Game of skill machine operating requirements.”.

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

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

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

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

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

770 “§ 25-786. Game of skill machine operating requirements.

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

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

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

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

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

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

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

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

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

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

796 “(h) An ABRA investigator may request and check the identification of a person who has
797 played, is playing, or is attempting to play a game of skill machine. An ABRA investigator may
798 seize fake identification used by a person under 18 years of age and may seize such records
799 related to a game of skill machine as the investigator deems appropriate to investigate the
800 playing of a game of skill machine by a person under 18 years of age.”.

801 Sec. 10. Section 865 of An Act To establish a code of law for the District of Columbia,
802 approved March 3, 1901 (31 Stat. 1331; D.C. Official Code § 22-1704), is amended as follows:

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

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

805 “(b) It shall be unlawful to install or operate a game of skill machine in the District
806 except as permitted by Title IV of the Law to Legalize Lotteries, Daily Numbers Games, and

807 Bingo Raffles for Charitable Purposes in the District of Columbia, passed on emergency basis on
808 October 6, 2020 (Enrolled version of Bill 23-___) (“Title IV”). Whoever shall install or operate a
809 game of skill machine in the District in violation of Title IV shall be guilty of a misdemeanor
810 and, upon conviction thereof, shall be imprisoned for not more than 180 days or fined not more
811 than the amount set forth in D.C. Official Code-§ 22-3571.01 or both.”.

812 Sec. 11. Applicability.

813 This act shall apply as of October 1, 2020.

814 Sec. 12. Fiscal impact statement.

815 The Council adopts the fiscal impact statement in the committee report as the fiscal
816 impact statement required by section 4a of the General Legislative Procedures Act of 1975,
817 approved October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-301.47a).

818 Sec. 13. Effective date.

819 This act shall take effect following approval by the Mayor (or in the event of veto by the
820 Mayor, action by the Council to override the veto), a 60-day period of congressional review as
821 provided in section 602(c)(2) of the District of Columbia Home Rule Act, approved December
822 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(2)), and publication in the District of
823 Columbia Register.

824

825



**MURIEL BOWSER
MAYOR**

BY EMAIL

September 22, 2020

The Honorable Phil Mendelson
Chairman, Council of the District of Columbia
John A. Wilson Building
1350 Pennsylvania, NW, Suite 504
Washington, DC 20004

Dear Chairman Mendelson:

I write to communicate the Administration's position on pending legislation that will be before the Council for consideration at the September 22, 2020 Additional Legislative Meeting.

"Joseph and Joan Bowser 60th Wedding Anniversary Ceremonial Recognition Resolution of 2020"; "Joseph L. Bowser 85th Birthday Ceremonial Recognition Resolution of 2020"

At the outset I would like to thank the Council for considering these resolutions which recognize my parents. I am the Mayor of my hometown, and no two people have played a bigger role in making that a reality than my parents. Their years of love and selfless service to the city continue to serve as an inspiration to me, and I appreciate the Council's recognition of these milestones in their lives.

"New Howard University Hospital and Redevelopment Tax Abatement Act of 2020"

Along with the new Hospital at St. Elizabeths East the new 225-bed Howard University Hospital that will be built as a result of this legislation, delivers on the promise of *DC HOPE (Health Opportunity Prosperity Equity)*. The new Howard University Hospital will improve health outcomes for our residents, ushering in an era of more equitable healthcare in the District; will ensure a new Hospital is built on Georgia Avenue; and, will support Howard University's mission in creating a pipeline of African American doctors. I urge the Council to approve this measure.

“Low Income Housing Tax Credit TOPA Exemption for Transfers of Interest Act of 2020”

Ensuring that the District is affordable for all of our residents is and has been one of the core tenets of my Administration. As I have stated often, our goal is to produce 36,000 units of housing by 2025, at least 12,000 of which will be affordable. However, equally important is preserving affordable housing units. I introduced this bill to ensure that when a housing provider seeks a Low Income Housing Tax Credit (LIHTC) renewal or recapitalization, without seeking to reduce the affordability in the property that the Tenant Opportunity to Purchase Act (TOPA) is not inadvertently triggered. Currently TOPA may be triggered when a housing provider renews LIHTC tax credits or recapitalizes because federal law requires that a new tax entity must be created. This bill would clarify that TOPA does not apply in those limited circumstances.

I thank Councilmember Bonds for her dedicated work on this measure and urge the Council to support this permanent fix.

“Public Health Emergency Authority Additional Extension Emergency Declaration Resolution of 2020”

I urge the Council to approve this extension. As I noted yesterday I appreciate the Council’s partnership and support in our collective response to this unprecedented pandemic. Critical to our government’s response and in particular the Department of Health’s efforts is the additional authority provided by the declaration of a Public Health Emergency.

“Fiscal Year 2021 Budget Support Clarification Emergency Act of 2020”

As circulated this measure makes four changes. It would ensure that the District of Columbia Housing Authority’s (DCHA) development and rehabilitation project’s funds are administered and distributed by the Office of the Chief Financial Officer subject to DCHA meeting detailed reporting requirements to my Administration, the Council and the OCFO; it would require applicants to Events DC’s excluded workers grant program not be employed at the time of application and require that they certify they are unemployed as a result of COVID and that they are District residents; and, finally, it makes two technical fixes regarding the surtax on to-go alcoholic drinks and an incorrect reference to the DC Code.

The changes to DCHA’s development and rehabilitation project are critical. As you know, my Administration advocated for this transparency into DCHA’s projects in July. I continue to advocate for it and hope the full Council will now join my call. The changes to Events DC’s program are sensible and minimally intrusive changes which will ensure that District residents, who are excluded workers, have funding available to them that can provide them with meaningful assistance to help mitigate the significant impact of this pandemic on their lives.

“Public Space Maintenance Emergency Act of 2020”

This measure would increase the cap on my Administration’s authority to partner with BIDs from \$250,000 to \$800,000; and increase the scope of the opportunities they have to creatively assist the businesses within their BIDs. Though funding continues to be a constraint, I support the additional flexibility this measure provides the District in its recovery

“Local Business Enterprise Clarification Emergency Amendment Act of 2020”

This measure would require a local business enterprise to be independently owned, operated and controlled. This is a change in the CBE law that DSLBD has discussed with Councilmember McDuffie and I support its prospective application. I understand that an amendment to the originally circulated language is being made to clarify that awarded contracts will not be affected through their base and option years. With that proviso, which will ensure that our current contracts are not disrupted, I welcome this change to the CBE program which will increase local participation in government contracts.

“Certificate of Assurance Moratorium Emergency Amendment Act of 2020”

This measure would place a moratorium on the issuance of a Certificate of Assurance, which guarantees a housing provider a property tax credit against any losses incurred as a result of an expansion of the District’s rent stabilization program. As I have noted the preservation of affordable housing is critical. On this measure, however, I ask the Council to consider postponing its consideration to your October 6, 2020 legislative meeting so that all of the stakeholders can further discuss the implications and gain consensus on the most effective path forward.

“Retail Establishment Grant Parity Emergency Amendment Act of 2020”

This measure would expand the eligibility for DMPED’s Great Streets Resilience Grants from being limited to those in Great Streets corridors to every retail business in the District. While I am sensitive to the concerns expressed by Councilmembers McDuffie and Allen, and the desire to reach more businesses throughout the District, I am concerned that this will dilute a limited pool of funds and render the resultant grants impactless.

Moreover, DMPED has already released the Request for Applications for the Fiscal Year 2020 Great Streets Resilience Grants and Fiscal Year 2021 Great Streets Small Business Grant, with many businesses having already applied. Thus, at this juncture any legislative change to these grants will cause significant delays in our ability to disburse these needed funds.

I urge Councilmembers Allen and McDuffie to withdraw this measure and continue discussions with DMPED regarding achieving our mutual goal of a strong recovery through other innovative measures.

“Election Worker Residency Requirement Waiver Emergency Amendment Act of 2020”

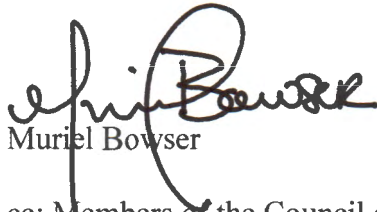
My commitment has been clear that I will do everything in my power to support the Board of Elections in ensuring that all District residents can exercise their right to vote. I firmly believe that when we all vote, we need all polling places open. As I continue to urge the Board of Elections to maximize the amount of polling places available to residents, I have committed to detailing 2,000 District government employees to assist the Board in administering the Election. I thank Councilmember Allen for introducing this emergency legislation which will allow the Board to utilize District government employees deployed by my Administration as election workers, regardless of their residency or voter registration status.

“Sexual Assault Victims Rights Emergency Amendment Act of 2020”

This bill would extend the applicability date of several sections of SAVRAA from October 1, 2020 to January 1, 2021, allowing providers additional time to properly implement the measure. My administration remains unwavering in its intent to implement the provisions of this bill, however, unfortunately the pandemic has necessitated some additional time. I urge the Council to support this measure.

Thank you for the opportunity to express the Administration’s views on proposed legislation before you for consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Muriel Bowser". The signature is fluid and cursive, with the first name "Muriel" written in a larger, more prominent script than the last name "Bowser".

Muriel Bowser

cc: Members of the Council of the District of Columbia

1 **DRAFT COMMITTEE PRINT**
2 **Committee of the Whole**
3 **November 17, 2020**
4

5
6 A BILL

7
8 23-964
9

10
11 IN THE COUNCIL OF THE DISTRICT OF COLUMBIA
12
13
14
15

16 To amend the Fiscal Year 2021 Budget Support Act of 2020, the Washington Convention Center
17 Authority Act of 1994, the Commission on the Arts and Humanities Act, Title 47 of the
18 D.C. Official Code, and the District of Columbia Traffic Act, 1925, to clarify provisions
19 supporting the Fiscal Year 2021 budget; to authorize the Chief Financial Officer to
20 impose a fee or processing cost related to a payment made by credit card or other
21 electronic payment method; and to amend Title 25 of the District of Columbia Official
22 Code to authorize, define, and regulate games of skill.
23

24 BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this
25 act may be cited as the “Fiscal Year 2021 Budget Support Clarification Amendment Act of
26 2020”.

27 Sec. 2. Section 2192 of the Fiscal Year 2021 Budget Support Act of 2020, enacted on
28 August 31, 2020 (D.C. Act 23-407; 67 DCR 10493), is amended as follows:

29 (a) Subsection (a) is amended to read as follows:

30 “(a)(1) Capital project DHA21C (“DHA21C”) shall be administered by the Office of the
31 Chief Financial Officer (“OCFO”), with available project allotments advanced to the District of
32 Columbia Housing Authority (“Authority”) on a quarterly basis for the encumbrances and
33 expenditures planned for that quarter; provided, that the requirements of subsection (b) of this
34 section are met.

35 “(2) DHA21C funds shall be used by the Authority to fund capital-eligible
36 construction, renovation, or rehabilitation subprojects that:

37 “(A) Increase the longevity of public housing units;

38 “(B) Prevent existing tenants from being displaced; or

39 “(C) Increase the availability of public housing units for existing District
40 of Columbia residents listed on the Authority's waitlist.

41 “(3) DHA21C funds shall not be used to fund the Authority’s operating costs,
42 renovation, or rehabilitation of any unit set to be demolished, sold, or otherwise removed from
43 the Authority inventory, or any administrative or overhead costs not specifically attributable to a
44 subproject.”.

45 (b) Subsection (b) is amended to read as follows:

46 “(b)(1) Each fiscal year that DHA21C funds are available, the Authority shall submit to
47 the Mayor, the Council, and the OCFO a proposed spending plan, which shall include:

48 “(A) Documentation that planned encumbrances and expenditures are
49 capital eligible; and

50 “(B) Information on each subproject for which the Authority proposes to
51 use DHA21C funds, including, at a minimum:

52 “(i) The proposed location of the subproject;

53 “(ii) A detailed proposed scope of the subproject;

54 “(iii) A detailed proposed line-item budget for the subproject;

55 “(iv) A detailed proposed timeline for the subproject; and

56 “(v) A statement of whether the implementation of the proposed
57 subproject will require the relocation of tenants and, if relocation is required, a detailed proposed
58 relocation plan.

59 “(2) In the event of significant delays or changes in planned encumbrances and
60 expenditures for any subproject during the fiscal year, the Authority shall update its spending
61 plan and provide additional documentation as needed to minimize unencumbered and
62 unexpended transfers, avoid causing the District to incur unnecessary debt service costs, and
63 ensure that all subproject encumbrances and expenditures are capital eligible.”.

64 Sec. 3. Section 203a of the Washington Convention Center Authority Act of 1994,
65 enacted on August 31, 2020 (D.C. Act 23-407; 67 DCR 10493), is amended as follows:

66 (a) Subsection (a) is amended as follows:

67 (1) The lead-in language is amended as follows:

68 (A) Strike the phrase “the Washington Convention and Sports Authority
69 shall” and insert the phrase “the Washington Convention and Sports Authority (“Events DC”)
70 shall” in its place.

71 (B) Strike the phrase “a District resident shall” and insert the phrase “a
72 District resident shall, at the time of application for assistance under this section” in its place.

73 (2) Paragraph (1) is amended to read as follows:

74 “(1) Demonstrate loss of income due to the public health emergency;”.

75 (3) Paragraph (2) is amended to read as follows:

76 “(2)(A) Be ineligible for:

77 “(i) Unemployment insurance; or

78 “(ii) COVID-19 relief; or

79 “(B) Be a returning citizen, as defined by section 2(5) of the Office on Ex-
80 Offender Affairs and Commission on Re-Entry and Ex-Offender Affairs Establishment Act of
81 2006, effective March 8, 2007 (D.C. Law 16-243; D.C. Official Code § 24-1301(5)), whose
82 incarceration ended on March 11, 2020 or later; and”.

83 (4) A new paragraph (3) is added to read as follows:

84 “(3) Provide a:

85 “(A) Signed certification that the resident’s loss of income stems from the
86 public health emergency; and

87 “(B) Proof of residency and eligibility for relief, as determined by Events
88 DC and consistent with rules and standards for COVID-19 relief programs administered by
89 Events DC.”.

90 (b) Subsection (d)(2) is amended to read as follows:

91 “(2) COVID-19 relief” means federal monetary unemployment assistance
92 provided under the Coronavirus Aid, Relief, and Economic Security Act, approved March 27,
93 2020 (134 Stat. 281; 15 U.S.C. § 9001 *et seq.*), which shall include tax credits but shall not
94 include federal Economic Impact Payments or other stimulus relief for which eligibility is not
95 contingent on the recipient’s employment status.”.

96 Sec. 4. Section 3(9)(A)(i) of the Commission on the Arts and Humanities Act, effective
97 October 21, 1975 (D.C. Law 1-22; D.C. Official Code § 39-202(9)(A)(i)), is amended by striking
98 the phrase “exclusive of District funds” and inserting the phrase “exclusive of District funds
99 other than sponsorships provided by Events DC” in its place.

100 Sec. 5. Title 47 of the District of Columbia Official Code is amended as follows:

101 (a) Section 47-1803.03 is amended by adding a new subsection (b-5) to read as follows:

102 “(b-5) Capital Gains from a Qualified Opportunity Fund. – The capital gains deduction
103 for investing in a qualified opportunity fund shall apply to an individual, estate, or trust in the
104 same manner as set forth in § 47-1803.03(a)(20).”.

105 (b) Section 47-2002.02(2) is amended as follows:

106 (1) Subparagraph (B) is amended by striking the phrase “; or” and inserting a
107 semicolon in its place.

108 (2) Subparagraph (C) is amended by striking the period and inserting the phrase “;
109 or” in its place.

110 (3) A new subparagraph (D) is added to read as follows:

111 “(D) Spirituous or malt liquors, beers, and wine sold by an alcoholic
112 beverage licensee acting under authority of §§ 25-112(h)(1), 25-113(a)(3)(C), or 25-113.01(f) or
113 (g).”.

114 (c) Section 47-2202.01(2) is amended as follows:

115 (1) Subparagraph (B) is amended by striking the phrase “; or” and inserting a
116 semicolon in its place.

117 (2) Subparagraph (C) is amended by striking the period and inserting the phrase “;
118 or” in its place.

119 (3) A new subparagraph (D) is added to read as follows:

120 “(D) Spirituous or malt liquors, beers, and wine sold by an alcoholic
121 beverage licensee acting under authority of §§ 25-112(h)(1), 25-113(a)(3)(C), or 25-113.01(f) or
122 (g).”.

123 Sec. 6. Section 6(j)(3)(F) of the District of Columbia Traffic Act, 1925, approved March
124 3, 1925 (43 Stat. 1121; D.C. Official Code § 50-2201.03(j)(3)(F)), is amended by striking the

125 phrase “described in section 125(3)(C) of the District of Columbia Sales Tax Act, approved May
126 27, 1949 (63 Stat. 115; D.C. Official Code § 47-2002(3)(C))” and inserting the phrase “described
127 in D.C. Official Code §§ 47-2002(a)(4B) and 47-2002.02(2)(C)” in its place.

128 Sec. 7. Chief Financial Officer collection of fees and processing costs.

129 (a) For any payment made by credit card or other electronic payment method, the Chief
130 Financial Officer may impose any fee or processing cost related to the transfer or payment
131 method.

132 (b) The Office of the Chief Financial Officer may promulgate regulations to implement
133 the provisions of this section.

134 Sec. 8. The Law to Legalize Lotteries, Daily Numbers Games, and Bingo and Raffles for
135 Charitable Purposes in the District of Columbia, effective March 10, 1981 (D.C. Law 3-172;
136 D.C. Official Code §§ 22-1716 to 22-1718 and 36-601.01 *et seq.*), is amended as follows:

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

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

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

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

141 “(a) There is established as an enterprise fund the Lottery, Gambling, and Gaming Fund

142 (“Fund”), which shall be administered by the Chief Financial Officer. Revenue from the

143 following sources shall be deposited into the Fund or a division of the Fund, as established by the

144 Chief Financial Officer:

145 “(1) All funds generated by gambling activities operated or licensed by the Chief

146 Financial Officer; and

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

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

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

151 “TITLE IV. GAME OF SKILL MACHINES.

152 “Sec. 401. Definitions

153 “For purposes of this title, the term:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

211 “(A) Manufacturer;

212 “(B) Distributor; and

213 “(C) Retailer.

214 “(2) The Office shall not grant a license listed in paragraph (1) of this subsection
215 until it has determined that each person that possesses 10% or greater beneficial or proprietary
216 interest in the applicant has been approved for licensure in accordance with this title and rules

217 issued pursuant to this title; provided, that the Office shall not be required to make such a
218 determination with respect to a person that is an institutional investor unless the institutional
219 investor possesses 25% or greater beneficial or proprietary interest in the applicant.

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

222 “(2) The applicant shall submit an application to the Office, in a form determined
223 by the Office, for fingerprints for a national criminal records check by the Metropolitan Police
224 Department and the Federal Bureau of Investigation of all individuals required to be named in
225 the application and a signed authorization of each individual submitting fingerprints for the
226 release of information by the Metropolitan Police Department and the Federal Bureau of
227 Investigation.

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

230 “(d) The Office shall require proof of good standing pursuant to D.C. Official Code § 29-
231 102.08 of an applicant for a license pursuant to this title and may, in addition, require
232 certification that the Citywide Clean Hands Database indicates that the proposed licensee is
233 current with its District taxes.

234 “(e) Proprietary information, trade secrets, financial information, and personal
235 information about a person in an application submitted to the Office pursuant to this title shall
236 not be a public record and shall not be made available under the Freedom of Information Act of
237 1976, effective March 29, 1977 (D.C. Law 1-96; D.C. Official Code § 2-531 *et seq.*), or any
238 other law.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

276 “Sec. 405. Conflicts of interest.

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

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

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

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

288 “Sec. 406. Manufacturer licensure.

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

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

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

296 “(1) The name of the applicant;

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

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

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

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

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

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

312 “Sec. 407. Distributor licensure.

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

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

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

319 “(3) Repair, replace, maintain, or service a game of skill machine or a major
320 component or part of a game of skill machine in the District or market the repair, replacement, or
321 maintenance of a game of skill machine or a major component or part of a game of skill machine
322 in the District.

323 “(b) A licensed distributor may sell, lease, or distribute a game of skill machine, or repair,
324 replace, maintain, or service a game of skill machine or any major component or part of a game
325 of skill machine in the District to a licensed establishment that possesses a game of skill machine
326 endorsement from the ABC Board pursuant to D.C. Official Code § 25-113.01(e), and after

327 March 31, 2021, a retailer’s license from the Office. No distributor may give anything of value,
328 including a loan or financing agreement, to a licensed establishment as an incentive or
329 inducement to locate a game of skill machine in the establishment; provided, that a distributor
330 may provide funding to a licensed establishment for the payment of winnings to players of the
331 distributor’s game of skill machines in the licensed establishment.

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

334 “(1) The name of the applicant;

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

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

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

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

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

348 “(f) An applicant for a distributor’s license shall pay a nonrefundable application fee of
349 \$10,000 with the application.

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

353 “(h) A distributor shall submit to the Office, at such times as are established by the Office
354 by rule, a list of all models and versions of game of skill machines sold, delivered, or offered to a
355 retailer. All such equipment shall be tested and approved by an independent testing laboratory
356 approved as provided in section 409.

357 “Sec. 408. Retailer licensure.

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

360 “(1) Is a licensed establishment;

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

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

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

369 “(1) The name of the applicant;

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

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

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

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

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

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

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

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

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

391 “(A) A model or version of a game of skill machine for which an
392 endorsement was approved by the ABC Board under D.C. Official Code § 25-401 before
393 October 1, 2020, shall not be subject to testing or approval under this section unless required by
394 the Office by rule; provided, that each such game of skill machine shall be required to comply
395 with subsection (b)(12) of this section.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

450 “(c) The Office may issue rules to establish additional licensing and registration
451 requirements for the purposes of preserving the integrity and security of game of skill machines
452 in the District, including by prohibiting game of skill machines that approximate the look or feel
453 of a gambling device.

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

456 “(a) After March 31, 2021, no distributor shall distribute a game of skill machine to a
457 retailer or allow the continued distribution of its game of skill machine at a retailer’s licensed
458 establishment, and no retailer shall allow the distribution of a game of skill machine to the
459 retailer or allow the installation or operation of a game of skill machine at its licensed
460 establishment, unless:

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

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

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

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

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

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

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

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

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

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

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

485 “Sec. 411. Cash award.

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

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

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

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

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

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

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

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

504 “Sec. 413. Centralized accounting system.

505 “(a)(1) Within 365 days after the effective date of this title, the Office shall procure a
506 centralized accounting system for games of skill machines, which shall be linked to a
507 communications network. All games of skill machines registered in the District shall connect to
508 the centralized accounting system through the communications network. The centralized

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

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

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

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

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

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

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

529 “Sec. 414. Insurance.

530 “The Office may require by rule, issued pursuant to this title, that a distributor maintain
531 liability insurance on the game of skill machines that it places in licensed establishments or that a

532 retailer maintain liability insurance on the game of skill machines that are located in its licensed
533 establishment.

534 “Sec. 415. Penalties.

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

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

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

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

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

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

546 “Sec. 416. Authority of the Office.

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

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

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

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

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

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

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

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

566 “Sec. 417. Investigations and inspections.

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

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

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

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

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

576 “(a)(1) No manufacturer, distributor, licensed establishment, or employee or agent of a
577 manufacturer, distributor, or licensed establishment shall intentionally make a false or

578 misleading representation concerning an individual’s chances, likelihood, or probability of
579 winning at playing a game of skill machine.

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

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

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

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

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

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

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

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

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

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

610 “Sec. 420. Deposit of license fees.

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

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

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

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

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

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

621 “(3) Standards for inspecting licensed establishments for compliance with this
622 title;

- 623 “(4) Minimum and maximum payment amounts for playing game of skill
624 machines;
625 “(5) The maximum amount of allowable winnings per game;
626 “(6) Requirements relating to how fees and taxes are to be remitted;
627 “(7) The method of accounting to be used by a licensed establishment where a
628 game of skill machine is authorized;
629 “(8) Methods of age verification;
630 “(9) Types of records that shall be required to be maintained by a licensee;
631 “(10) Posting requirements;
632 “(11) Advertising guidelines, including specific language concerning individuals
633 under the age of 18;
634 “(12) Penalties for a violation of this title or rule issued pursuant to this title; and
635 “(13) Internal control standards for game of skill machines.”.

636 Sec. 9. Title 25 of the District of Columbia Official Code is amended as follows:

637 (a) Chapter 1 is amended as follows:

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

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

640 “(22B) “Game of skill machine” has the meaning set forth in § 36-641.01(6)”.

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

642 “(53A) “Voucher” means a ticket issued by a game of skill machine that is
643 redeemable for cash winnings.”.

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

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

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

647 “§ 25-113.01. License endorsements.”.

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

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

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

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

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

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

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

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

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

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

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

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

671 “§ 25-508. Minimum fee for permits, and manager’s license, and endorsement.

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

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

674 “Importation permit \$5

675 “Manager’s license \$100/year

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

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

678 (d) Chapter 7 is amended as follows:

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

681 “§ 25-786. Game of skill machine operating requirements.”.

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

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

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

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

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

690 “§ 25-786. Game of skill machine operating requirements.

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

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

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

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

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

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

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

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

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

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

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

721 Sec. 10. Section 865 of An Act To establish a code of law for the District of Columbia,
722 approved March 3, 1901 (31 Stat. 1331; D.C. Official Code § 22-1704), is amended as follows:

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

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

725 “(b) It shall be unlawful to install or operate a game of skill machine in the District
726 except as permitted by Title IV of the Law to Legalize Lotteries, Daily Numbers Games, and
727 Bingo Raffles for Charitable Purposes in the District of Columbia, as introduced on October 5,
728 2020 (Bill 23-964) (“Title IV”). Whoever shall install or operate a game of skill machine in the
729 District in violation of Title IV shall be guilty of a misdemeanor and, upon conviction thereof,
730 shall be imprisoned for not more than 180 days or fined not more than the amount set forth in
731 section 101 of the Criminal Fine Proportionality Amendment Act of 2012, effective June 11,
732 2013 (D.C. Law 19-317; D.C. Official Code § 22-3571.01), or both.”.

733 Sec. 11. Applicability.

734 This act shall apply as of October 1, 2020.

735 Sec. 12. Fiscal impact statement.

736 The Council adopts the fiscal impact statement in the committee report as the fiscal
737 impact statement required by section 4a of the General Legislative Procedures Act of 1975,
738 approved October 16, 2006 (120 Stat. 2038; D.C. Official Code § 1-301.47a).

739 Sec. 13. Effective date.

740 This act shall take effect following approval by the Mayor (or in the event of veto by the
741 Mayor, action by the Council to override the veto), a 60-day period of congressional review as
742 provided in section 602(c)(2) of the District of Columbia Home Rule Act, approved December
743 24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(2)), and publication in the District of
744 Columbia Register.