

**ARTICLE 48:02**

**VIDEO LOTTERY REQUIREMENTS**

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**CHAPTER 48:02:01**

**GENERAL PROVISIONS**

Section	
48:02:01:01	Definitions.

**48:02:01:01. Definitions.** In addition to the terms defined by SDCL 42-7A-1, terms used in this article are defined as follows:

- (1) "Applicant," a person applying for any video lottery license;
- (2) "Background investigation," a security and credit check of an applicant for a video lottery license;
- (3) "Commission," the South Dakota lottery commission;

(4) "Control," the possession of power to direct or cause the direction of the management and policies of an applicant or licensee through the ownership of voting securities, by contract or otherwise;

(5) "Costs," sums of money charged applicants or licensees to reimburse the lottery for the actual expenses incurred in the testing and examination of video lottery machines and background investigations;

(6) "Display," visual presentation of video lottery game features shown on the screen of a video lottery machine;

(7) "Distributor," any individual, entity, partnership, corporation, or association that distributes or sells video lottery machines or associated equipment in the state;

(8) "License," authorization granted by the lottery permitting an applicant to engage in the defined activities of video lottery;

(9) "Licensed establishment" or "establishment," any establishment owned or managed by an individual, partnership, corporation, or association licensed to sell alcoholic beverages for consumption on the premises where sold;

(10) "Manufacturer," any individual, entity, partnership, corporation, or association that assembles or produces video lottery machines or associated equipment for sale or use in this state;

(11) "Operator," any individual, entity, partnership, corporation, or association that places video lottery machines or associated equipment for public use in this state;

(12) "Own," any record of beneficial interest in the property or business of an applicant or licensee;

(13) "Player," a person who participates in a video lottery game displayed on a video lottery machine;

(14) "Service agent," an operator or an employee or agent of an operator qualified as a Type II technician to perform service, maintenance, and repair on video lottery machines in the state;

(15) "Ticket voucher," a receipt or ticket issued by a video lottery machine that indicates the value of a prize or credit due to the player;

~~(15)~~(16) "Type I technician," an operator or an employee or service agent of an operator or an owner, manager, or employee of an establishment who is qualified to perform basic service, maintenance, and repair on video lottery machines in the state;

~~(16)~~(17) "Type II technician," an operator or an employee or service agent of an operator who is qualified to perform major machine repair, enrollment, communications, and diagnostic testing on video lottery machines in the state;

~~(17)~~(18) "Video lottery game," electronically simulated games of chance approved by the commission that are displayed and played on licensed video lottery machines;

~~(18)~~(19) "Wager," a sum of money or thing of value risked on an uncertain occurrence.

**Source:** 16 SDR 27, effective August 18, 1989; 21 SDR 219, effective June 26, 1995; 39 SDR 220, effective June 26, 2013.

**General Authority:** SDCL 42-7A-21.

**Law Implemented:** SDCL 42-7A-1.

## CHAPTER 48:02:02

### LICENSING QUALIFICATIONS

#### Section

- 48:02:02:01 Additional qualifications for licensure.
- 48:02:02:02 Individual qualifications must be established.
- 48:02:02:03 Applicant required to furnish information.
- 48:02:02:04 Consent to examination of accounts and records.
- 48:02:02:05 Waiver of liability.
- 48:02:02:06 Oath or affirmation and attorney certification.

48:02:02:07 Duty to provide accurate and material information.

**48:02:02:02. Individual qualifications must be established.** The commission may not grant a video lottery license to an applicant until the commission is satisfied that the individual qualifications of the following persons meet the requirements in SDCL 42-7A-43 and § 48:02:02:01:

(1) Each person in whose name the ~~liquor~~ license for the on-sale consumption of alcoholic beverages is issued;

(2) Each person associated with a corporate applicant, including any corporate holding, parent, or subsidiary company of the applicant, who in the opinion of the commission has the ability to control the activities of the corporate applicant or elect a majority of the board of directors of that corporation, other than a bank or other licensed lending institution which holds a mortgage or other lien acquired in the ordinary course of business;

(3) Each of the following persons associated with a noncorporate applicant:

(a) Persons who directly or indirectly hold any beneficial interest or ownership in the applicant; or

(b) Persons who in the opinion of the commission have the ability to control the applicant;

(4) Key personnel, including any executive, employee, or agent having the power to exercise a significant influence over decisions concerning any part of the applicant's business operation;

(5) Employees of an operator or an establishment who are permitted access to cash and a key for entry into a video lottery machine; and

(6) Each person qualified or seeking qualifications as a Type I or II technician.

**Source:** 16 SDR 27, effective August 18, 1989; 17 SDR 51, effective October 8, 1990; 21 SDR 219, effective June 26, 1995.

**General Authority:** SDCL 42-7A-21(7), 42-7A-21(16), 42-7A-43.

**Law Implemented:** SDCL 42-7A-21(7), 42-7A-43.

## CHAPTER 48:02:03

### LICENSING OF MANUFACTURERS, DISTRIBUTORS, OPERATORS, AND ESTABLISHMENTS

#### Section

48:02:03:01	Form of application.
48:02:03:02	Submission of application.
48:02:03:03	Application fees.
48:02:03:04	Consideration of applications by commission.
48:02:03:05	Issuance of license.
48:02:03:06	Provisional licensure.
48:02:03:07	Notice of incomplete application.
48:02:03:08	Notice of unapproved investigation or testing.
48:02:03:09	Procedure for review of license denial.
48:02:03:10	Hearing on review of denial by commission.
48:02:03:11	License fees -- Renewal fees and dates.
48:02:03:12	Renewal of license.
48:02:03:13	Notice of change affecting license.

**48:02:03:06. Provisional licensure.** The lottery may issue a provisional license subject to the applicant meeting the conditions required by the lottery. The lottery may issue a provisional license to applicants whose applications are complete under § 48:02:03:04 for purposes of allowing persons named in the application to ~~attend~~ participate in training seminars in preparation for qualification as a Type I or II technician. The lottery shall restrict the type of activities the applicant

may engage in under the terms of the provisional license. The lottery shall issue a license to the applicant after the performance of the conditions is approved.

**Source:** 16 SDR 27, effective August 18, 1989; 21 SDR 219, effective June 26, 1995.

**General Authority:** SDCL 42-7A-21(16).

**Law Implemented:** SDCL 42-7A-21(16).

**Cross-Reference:** Maintenance of video lottery machines, ch 48:02:10.

## **CHAPTER 48:02:05**

### **DUTIES OF LICENSEES**

#### Section

48:02:05:01	General duties of all video lottery licensees.
48:02:05:02	Duties of licensed manufacturers.
48:02:05:03	Duties of licensed distributors.
48:02:05:04	Duties of licensed operators.
48:02:05:04.01	Duties of service agents.
48:02:05:05	Duties of licensed establishments.
48:02:05:06	Posting of video lottery odds.

**48:02:05:03. Duties of licensed distributors.** Specific duties of licensed distributors are as follows:

(1) Sell only machines and associated equipment approved under chapters 48:02:07 and 48:02:08 for placement in the state to licensed operators;

(2) Coordinate all machine and associated equipment orders with the manufacturer to ensure delivery within the time period stated;

(3) Maintain and provide an inventory of associated equipment to ensure the timely repair and continued, approved operation and play of machines it sells for placement in the state;

(4) Provide in accordance with chapter 48:02:10 technical assistance and training in the service and repair of machines and associated equipment it sells to operators to ensure the continued, approved operation and play of the machines purchased for placement in the state;

(5) Provide a competitive market for maximizing machine placement in the state; and

(6) May broker the selling of video lottery machines from one licensed operator to another licensed operator.

**Source:** 16 SDR 27, effective August 18, 1989; 21 SDR 219, effective June 26, 1995.

**General Authority:** SDCL 42-7A-21(17), 42-7A-43.

**Law Implemented:** SDCL 42-7A-21(17), 42-7A-43.

**48:02:05:04. Duties of licensed operators.** Specific duties of licensed operators are as follows:

(1) Promote the placement of machines in licensed establishments and assume primary responsibility for operation and maintenance of video lottery machines;

(2) Maintain and provide in accordance with chapter 48:02:10, either directly or through a service agent, an inventory of associated equipment to ensure the timely repair and continued, approved operation and play of the video lottery machines it operates;

(3) Maintain in accordance with chapter 48:02:10 all skills necessary for the timely repair and service of machines and associated equipment to ensure the continued, approved operation of the machines it operates and require its employees and service agents to maintain such skills;

(4) Attend all meetings, seminars, and training sessions for the repair and maintenance of machines and associated equipment required by the lottery and this article;

(5) Supervise its employees and the activities of licensed establishments to ensure compliance with the requirements of this article;

(6) Assume responsibility for the payment to players of credits awarded under arrangements with licensed establishments where the machines are located;

(7) Assume responsibility for machine and associated equipment malfunctions, including any claim for the payment of credits arising from malfunctions. An operator's liability is limited to the number of credits for the game displayed in the game rules and may not be greater than \$1,000 for any succession of games played;

(8) Notify the lottery of any recurring electronic or mechanical machine malfunctions or other problems experienced in a particular approved machine model;

(9) Enter into service contracts for the maintenance and repair of video lottery machines and associated equipment with qualified service agents under terms and conditions agreed upon by both parties;

(10) Comply with all Type I technician requirements in § 48:02:10:02.01;

(11) Comply with all Type II technician requirements in § 48:02:10:02.02;

(12) Place video lottery machines in establishments and in numbers to ensure maximum revenues to the state;

(13) ~~Assume responsibility for the installation, and operation, of, and payment for communication lines into establishments as required by the lottery to provide direct communication between each machine and the central computer~~ Assume all responsibility for establishing communication between each video lottery machine and the host system;

(14) Maintain general liability insurance coverage for each machine;



(15) Conduct advertising and promotional activities of the video lottery in accordance with decency, dignity, honesty, and good taste that does not reflect adversely on the lottery or the state of South Dakota;

(16) Contract only with persons authorized under this title to directly share in revenues generated from net machine income. Any contracts entered into for the division of revenues from net machine income must clearly state that the lottery is not a party to the agreement;

(17) Assume liability for lost or stolen money from machine play. Operators may provide for the sharing of any loss with the establishment where the machine is located;

(18) Furnish security to the lottery by July 1 of each year equal to one-eighteenth of the state's share of estimated annual net machine income derived from the operator's video lottery machines either by purchase of a surety bond, deposit in cash, or receipt of an irrevocable letter of credit or a certificate of deposit issued by a South Dakota financial institution with the lottery endorsed on it as a payee;

(19) Respond to service calls within 24 hours from the time of notification by the establishment; and

(20) Remove all machines from the establishment machine play area that have been out of service for more than 48 hours from the time notice was received by the lottery.

**Source:** 16 SDR 27, effective August 18, 1989; 21 SDR 219, effective June 26, 1995; 37 SDR 215, effective May 31, 2011.

**General Authority:** SDCL 42-7A-21(17), 42-7A-43.

**Law Implemented:** SDCL 42-7A-21(17), 42-7A-43.

**48:02:05:05. Duties of licensed establishments.** Specific duties of owners, managers, and designated employees of licensed establishments are as follows:

(1) Provide a secure premise for the placement, operation, and play of video lottery machines;

(2) Permit no one to tamper with or interfere with the approved operation of any video lottery machine;

(3) ~~Ensure that communication lines to the video lottery machines and all associated hardware are at all times connected and prevent any person from tampering or interfering with the approved, continuing operation of the lines~~ Ensure that all associated communication lines and hardware are properly connected to the video lottery machines to allow for communication between the video lottery machines and the host system;

(4) Contract only with persons authorized under this title to directly share in revenues generated from net machine income;

(5) Ensure that video lottery machines are placed and remain as placed within the sight and control of the owner, manager, or designated employee while engaging in the actual dispensing of alcoholic beverages from the location where alcoholic beverages are dispensed;

(6) Ensure that video lottery machines are placed and remain as placed in the specific area of the licensed establishment where alcoholic beverages are regularly dispensed and consumed in the ordinary and usual course of business;

(7) Monitor video lottery machines to prevent access to or play by persons who are under the age of 21 years or who are visibly intoxicated;

(8) Commit no violations of the laws of this state concerning the sale, dispensing, and consumption on premises of alcoholic beverages that results in suspension or revocation of its license;

(9) Maintain at all times change and cash in the denominations accepted by the video lottery machines located in the establishment;

(10) Extend no credit for video lottery machine play;

(11) Pay all credits upon presentment of a valid winning ticket voucher in accordance with SDCL 42-7A-37 and chapter 48:02:12;

(12) Exercise caution and good judgment in providing cash for checks presented for video lottery machine play;

(13) Report promptly all malfunctions of video lottery machines to the operator and notify the lottery of an operator's failure to provide service and repair of machines and associated equipment as required under this title;

(14) Conduct advertising and promotional activities of the video lottery in accordance with decency, dignity, honesty, and good taste so that it does not reflect adversely on the lottery or the state of South Dakota;

(15) Install, post, and display prominently at locations within or about the premises signs, redemption information, and other promotional material as required by the lottery. Use of the trademarked video lottery logo must be approved by the lottery;

(16) Immediately notify operators of all out-of-service machines;

(17) Immediately notify the lottery of an operator's failure to respond within 24 hours after notice to the operator of an out-of-service machine; and

(18) Video lottery machines must be available for play and accessible to eligible customers during the hours of operation of the alcohol licensee.

**Source:** 16 SDR 27, effective August 18, 1989; 19 SDR 62, effective October 27, 1992; 21 SDR 219, effective June 26, 1995; 37 SDR 215, effective May 31, 2011.

**General Authority:** SDCL 42-7A-21(17), 42-7A-43, 42-7A-44.

**Law Implemented:** SDCL 42-7A-10, 42-7A-21(17), 42-7A-43.

**Cross-Reference:** Alcoholic beverages, SDCL title 35.

**48:02:05:06. Posting of video lottery odds.** ~~The management of a licensed establishment shall post the~~ The overall odds of winning each video lottery game authorized by § 48:02:07:01 must be posted to the South Dakota Lottery website at [Lottery.sd.gov](http://Lottery.sd.gov). ~~The odds must be posted in the area where the video lottery machines are located and must be visible to the public. Only video lottery odds provided by the lottery may be used to comply with this section.~~

~~In addition, the lottery shall print a brochure that contains the average odds of winning a particular hand or combination in a video lottery game. The management of the licensed establishment shall make the brochure available to the public in the area where the video lottery machines are located.~~

**Source:** 18 SDR 41, effective September 1, 1991.

**General Authority:** SDCL 42-7A-8(8), 42-7A-38.

**Law Implemented:** SDCL 42-7A-41.2.

## CHAPTER 48:02:06

### ACCOUNTING

#### Section

- 48:02:06:01 Lottery to provide communications protocol.
- 48:02:06:02 Remittance of state's percentage of net machine income.

- 48:02:06:03 Remittance through electronic transfer of funds.
- 48:02:06:04 Penalty for late payment or insufficient funds payment.
- 48:02:06:05 Record keeping requirements.
- 48:02:06:06 Duty to notify of accounting discrepancies.
- 48:02:06:07 Settlement of accounts.
- 48:02:06:08 Manual reporting and payment may be required.
- 48:02:06:09 Requests of reports.

**48:02:06:05. Record keeping requirements.** Operators shall retain audit information that includes an electronic or paper duplicate of all ~~tickets~~ ticket vouchers ~~printed~~ and transactions required to be recorded by § 48:02:08:05(1), (2), (3), (4), (5), (6), and (9). The audit information shall be kept for a period of three years, identified by machine, and stored in a secure area.

**Source:** 16 SDR 27, effective August 18, 1989; 37 SDR 215, effective May 31, 2011.

**General Authority:** SDCL 42-7A-4(9), 42-7A-21(15).

**Law Implemented:** SDCL 42-7A-45.

## **CHAPTER 48:02:08**

### **VIDEO LOTTERY MACHINE HARDWARE AND SOFTWARE REQUIREMENTS**

#### Section

- 48:02:08:01 Hardware specifications.
- 48:02:08:01.01 Associated equipment list for required purchase from manufacturer or distributor.
- 48:02:08:02 Software requirements for randomness testing.
- 48:02:08:03 Software requirements for percentage payout.
- 48:02:08:04 Software requirements for continuation of game after malfunction.
- 48:02:08:05 Software requirements for play transaction records.
- 48:02:08:06 Software requirements of video draw poker.
- 48:02:08:07 Software requirements for video keno.
- 48:02:08:08 Software requirements for video blackjack.
- 48:02:08:09 Software requirements for line-up games.

**48:02:08:01. Hardware specifications.** Each video lottery machine licensed for placement in the state must meet the following hardware specifications:

(1) Electrical and mechanical parts and design principles may not subject a player to physical hazards;

(2) A surge protector must be installed on the line that feeds power to the machine. The battery backup or an equivalent for the electronic meters must be capable of maintaining accuracy of all information required in SDCL 42-7A-37(5) and (6) for 180 days after power is discontinued from the machine. The backup device shall be kept within the locked logic board compartment;

(3) An on/off switch that controls the electrical current used in the operation of the machine and any associated equipment must be located in an accessible place within the interior of the machine;

(4) The operation of each machine may not be adversely affected by static discharge or other electromagnetic interference;

(5) An electronic or mechanical coin acceptor may be installed on any video lottery machine approved after July 1, 2003. Each video lottery machine approved after July 1, 2003, may contain a bill acceptor that accepts one-dollar bills, five-dollar bills, ten-dollar bills, twenty-dollar bills, fifty-dollar bills, ~~and one hundred-dollar bills,~~ and ticket voucher. The bill acceptors may be for any single bill or combination of bills and ticket vouchers in the denominations listed in this subdivision. Approval letters and test reports of the coin and bill acceptors from other state or federal jurisdictions may be submitted. However, all coin and bill acceptors are subject to approval by the lottery;

(6) The internal space of a video lottery machine may not be readily accessible when the front door is both closed and sealed;

(7) Logic boards and software Eproms (computer chips that store memory) must be in a separate, locked area within the machine;

(8) The cash compartment must be contained in a locked area within or attached to the machine;

(9) No hardware switches may be installed that alter the pay tables or payout percentages in the operation of a game. Hardware switches may be installed to control graphic routines, speed of play, and sound;

(10) A single printing mechanism must be capable of printing an original ticket voucher and retaining a legible copy within the machine or create an electronic copy on a self-contained internal or external medium prior to the continuation of game play. The ticket voucher must record the following information when credits accrued on the video lottery machine are redeemed for cash:

(a) The number of credits;

(b) Value of the credits in dollars and cents displayed in both numeric and written form;

and

(c) Any other information required by SDCL 42-7A-37(5);

(11) An unremovable identification plate must appear on the exterior of the machine that contains the following information:

(a) Manufacturer;

(b) Serial number; and

(c) Model number;

(12) The rules of play for each game must be displayed on the machine face or screen. The lottery may reject the rules if they are incomplete, confusing, or misleading. Each game must also display the credits wagered and the credits awarded for the occurrence of each possible winning

hand based on the number of credits wagered. A video lottery machine may not allow more than \$2 to be played on a game or award free games or credits in excess of one thousand dollars per bet.

All information required by this subdivision must be kept under glass or another transparent substance and at no time may stickers or other removable devices be placed on the machine face;

(13) Equipment must be installed that enables the machine to communicate with the lottery's central computer system, as required in SDCL 42-7A-37(7), using a communications protocol provided to each licensed manufacturer by the lottery for the information and control programs approved by the commission;

(14) Instant tickets may be dispensed from a machine, provided the machine is submitted and approved by the lottery pursuant to § 48:02:08:02; and

(15) The legal age requirement in SDCL 42-7A-48 for a person to play a machine must be displayed on the machine face under glass or on an unremovable plate on the front exterior of the machine.

**Source:** 16 SDR 27, effective August 18, 1989; 17 SDR 51, effective October 8, 1990; 29 SDR 176, effective June 30, 2003; 37 SDR 215, effective May 31, 2011; 39 SDR 100, effective December 5, 2012; 39 SDR 220, effective June 26, 2013.

**General Authority:** SDCL 42-7A-1(16), 42-7A-21(10).

**Law Implemented:** SDCL 42-7A-21(10), 42-7A-37, 42-7A-38.

**48:02:08:05. Software requirements for play transaction records.** Each game must maintain electronic accounting meters at all times, regardless of whether the machine is being supplied with power. Each meter must be capable of maintaining totals no less than eight digits in length for the information required in subdivisions 1 to 4, inclusive. The electronic meters must record the following information:



(1) Total number of coins inserted. The meter must count the total number of coins, bills, and ticket vouchers that are inserted by the player or the coin equivalent if a bill acceptor is being used;

(2) Number of credits wagered;

(3) Number of credits won;

(4) Credits paid out by a printed ticket voucher;

(5) Number of times the logic area was accessed;

(6) Number of times the cash door was accessed;

(7) Number of coins or credits wagered in the current game;

(8) Number of coins or credits won in the last complete, valid game, commonly referred to as the win meter; and

(9) Number of cumulative credits representing money inserted by a player and credits for games won but not collected, commonly referred to as the credit meter.

No game may have a mechanism by which an error will cause the electronic accounting meters to automatically clear. Clearing of the electronic accounting meters may only be completed after notification and approval by the lottery. Upon notification to the lottery, all meter readings must be recorded both before and after the electronic accounting meter is cleared by a manufacturer or by a Type II technician replacing the main logic board with a board that has been previously cleared by a manufacturer.

**Source:** 16 SDR 27, effective August 18, 1989; 37 SDR 215, effective May 31, 2011.

**General Authority:** SDCL 42-7A-21(10).

**Law Implemented:** SDCL 42-7A-21, 42-7A-37.

## **CHAPTER 48:02:10**

## MAINTENANCE OF VIDEO LOTTERY MACHINES

### Section

- 48:02:10:01 Training in machine maintenance required prior to placement.
- 48:02:10:02 Manufacturers and distributors required to provide training.
- 48:02:10:02.01 Type I technician training requirements.
- 48:02:10:02.02 Type II technician training requirements.
- 48:02:10:03 Availability of training.
- 48:02:10:04 Training ~~program~~ requirements.
- 48:02:10:05 Operators required to have training in service and repair of video lottery machines.
- 48:02:10:05.01 Repealed.
- 48:02:10:06 Machines to be maintained in operating condition.
- 48:02:10:07 Maintenance log forms required.
- 48:02:10:08 Operators required to furnish keys to machines for inspection purposes.
- 48:02:10:09 Notification of repairs to the logic area.
- 48:02:10:10 Notification of broken seals on logic board.

**48:02:10:03. Availability of training.** Manufacturers and distributors shall notify operators who have either purchased or expressed interest in purchasing their machines at least three weeks in advance of scheduled training programs. Training programs to qualify for the Type I technician must be scheduled at locations and times within the state to accommodate persons needing training. This rule does not mandate the scheduling of training programs at the location of each business licensed as an operator. Training may be conducted at the manufacturer's and distributor's principal place of business or at other locations to accommodate persons applying to qualify for Type I technician. Training programs to qualify for the Type II technician are held ~~at the lottery office in Pierre~~ within the State of South Dakota with lottery personnel assisting the manufacturer or distributor in the training. Training ~~programs~~ for Type II technicians shall be scheduled to accommodate persons needing qualification. Manufacturers and distributors must provide subsequent training ~~programs~~ and inform operators and the lottery of new developments in the service and repair of its machines.

**Source:** 16 SDR 27, effective August 18, 1989; 21 SDR 219, effective June 26, 1995.

**General Authority:** SDCL 42-7A-21(11) to 42-7A-21(13).

**Law Implemented:** SDCL 42-7A-21(11) to 42-7A-21(13).

**48:02:10:04. Training ~~program~~ requirements.** The manufacturer and distributor shall administer an examination at the conclusion of the training ~~program~~ and recommend for qualification as a Type I technician each person who successfully completes the training ~~program~~. The lottery shall administer an examination at the conclusion of the training ~~program~~ for Type II technicians and qualify each person as a Type II technician who successfully completes the training ~~program~~ and examination. Manufacturers and distributors shall maintain a list of the names of operators, employees, and service agents who attend and successfully complete each training ~~program~~ and shall submit the list and examinations to the lottery. The list must show the name of the person who completed the training ~~program~~; the type of technician; the date and location of the training ~~program~~; and the manufacturer's name and machine model for which training was provided.

**Source:** 16 SDR 27, effective August 18, 1989; 21 SDR 219, effective June 26, 1995.

**General Authority:** SDCL 42-7A-21(11) to 42-7A-21(13).

**Law Implemented:** SDCL 42-7A-21(11) to 42-7A-21(13).

**48:02:10:05. Operators required to have training in service and repair of video lottery machines.** Each business licensed as an operator and its service agents must demonstrate that they have experience in the service and repair of video lottery machines and must attend and successfully complete the training provided by the manufacturer and distributor for each machine model it purchases for placement in the state. Operators must be qualified or have an employee or

service agent of the business qualified as a Type I technician to provide basic service and repair of its machines. All operators must be qualified or have an employee or service agent qualified as a Type II technician to provide service and repair of its machines. Any maintenance work that falls within the parameters of the training required of a Type II technician, as described in 48:02:10:02.02(1) will need to be completed by a Tech II certified to work on that manufacturer's machines. Persons qualified as a Type II technician do not need to be separately qualified as a Type I technician. Operators must file with the lottery the following information within two weeks after the operator, its employees, and its service agents qualify as a Type I or II technician:

- (1) The names of the operator, employees, and service agents who qualified and their type of classification;
- (2) The name of the manufacturer and distributor offering the course;
- (3) The manufacturer's machine models on which training for service and repair was provided; and
- (4) The date and location of the training program.

**Source:** 21 SDR 219, effective June 26, 1995.

**General Authority:** SDCL 42-7A-21(11) to 42-7A-21(13).

**Law Implemented:** SDCL 42-7A-21(11) to 42-7A-21(13).

## **CHAPTER 48:02:11**

### **LOCATION OF MACHINES**

Section

- 48:02:11:01      Location of machines in establishment.  
48:02:11:02      Restrictions on multiple alcoholic beverage licenses.

**48:02:11:01. Location of machines in establishment.** All video lottery machines in licensed establishments must be physically located as follows:

(1) In the sight and control of the owner, manager, or an employee of the licensed establishment from the location at which alcoholic beverages are dispensed;

(2) In an area where alcoholic beverages are regularly dispensed and consumed in the ordinary and usual course of business;

(3) In an area that ensures public access to the machines is restricted to persons legally entitled by age to be on the premises; and

(4) In an area which is at all times monitored by the owner, manager, or employee of the licensed establishment to prevent access or play of video lottery machines by persons under the age of 21.

**Source:** 16 SDR 27, effective August 18, 1989; 18 SDR 117, effective January 12, 1992.

**General Authority:** SDCL 42-7A-44.

**Law Implemented:** SDCL 42-7A-44.

**48:02:11:02. Restrictions on multiple alcoholic beverage licenses.** Persons who hold more than one license for the on-sale consumption of alcoholic beverages may have machines placed for each license issued provided the following requirements are met:

(1) Separate application, qualification, and fees are submitted and approved for each premises licensed for the on-sale consumption of alcoholic beverages;

(2) Separate establishment licenses are issued by the lottery for each premises licensed for the on-sale consumption of alcoholic beverages;

(3) Separate and distinct physical facilities are maintained and utilized for the sale and consumption of alcoholic beverages for each establishment license approved by the lottery; and

(4) No more than one establishment license is issued to any person for the same legally described premises contained in the alcoholic beverage license.

**Source:** 16 SDR 27, effective August 18, 1989.

**General Authority:** SDCL 42-7A-21(16).

**Law Implemented:** SDCL 42-7A-41.

## **CHAPTER 48:02:12**

### **PAYMENT OF CREDITS**

#### Section

- 48:02:12:01 Payment of credits.
- 48:02:12:02 Method of payment.
- 48:02:12:03 Restrictions on payment of credits.
- 48:02:12:04 Redeemed ~~tickets~~ ticket vouchers required to be defaced.
- 48:02:12:05 Liability for machine malfunction.

**48:02:12:01. Payment of credits.** No payment for credits awarded on a video lottery machine may be made unless the ticket voucher meets the following requirements:

- (1) It is presented on a fully legible, valid printed ticket voucher that contains the information required in SDCL 42-7A-37(5) and chapter 48:02:08;
- (2) It must not be mutilated, altered, unreadable, or tampered with in any manner;
- (3) It must not be counterfeit in whole or in part; and
- (4) It has been presented by a person authorized to play under SDCL 42-7A and this title.

**Source:** 16 SDR 27, effective August 18, 1989.

**General Authority:** SDCL 42-7A-21(3).

**Law Implemented:** SDCL 42-7A-21(3), 42-7A-34, 42-7A-37(5).

**48:02:12:02. Method of payment.** The management of each licensed establishment shall designate employees authorized to redeem ~~tickets~~ ticket vouchers during the ~~business~~ hours of operation. Credits shall be immediately paid in cash, or by check, ~~or in instant tickets~~ when a player presents a valid ticket voucher for payment ~~meeting the requirements of this chapter~~. No credits may be paid in tokens, chips, or merchandise.

**Source:** 16 SDR 27, effective August 18, 1989.

**General Authority:** SDCL 42-7A-21(3).

**Law Implemented:** SDCL 42-7A-21(3), 42-7A-34, 42-7A-37(5).

**48:02:12:03. Restrictions on payment of credits.** Establishments may only redeem ~~tickets~~ ticket vouchers for credits awarded on video lottery machines located on its premises. A ticket voucher must be presented for payment before the close of business on the date the ticket voucher was printed. The lottery, the commission, and the state of South Dakota are not liable for the payment of credits on valid winning ~~tickets~~ ticket vouchers.

**Source:** 16 SDR 27, effective August 18, 1989.

**General Authority:** SDCL 42-7A-21(3).

**Law Implemented:** SDCL 42-7A-21(3), 42-7A-34, 42-7A-37(5).

**48:02:12:04. Redeemed ~~tickets~~ ticket vouchers required to be defaced.** All ~~tickets~~ ticket vouchers redeemed by a licensed establishment must be marked or defaced in a manner that prevents any subsequent presentment and payment.

**Source:** 16 SDR 27, effective August 18, 1989.

**General Authority:** SDCL 42-7A-21(3).

**Law Implemented:** SDCL 42-7A-21(3), 42-7A-34, 42-7A-37(5).

## **CHAPTER 48:02:14**

### **TICKET IN TICKET OUT**

#### **Section**

<u>48:02:14:01</u>	<u>Payment by ticket voucher.</u>
<u>48:02:14:02</u>	<u>Ticket voucher – Required information.</u>
<u>48:02:14:03</u>	<u>Online ticket voucher redemption.</u>
<u>48:02:14:04</u>	<u>Online ticket voucher issuance.</u>
<u>48:02:14:05</u>	<u>Offline ticket voucher issuance.</u>
<u>48:02:14:06</u>	<u>Ticket voucher out log.</u>

**48:02:14:01. Payment by ticket voucher.** A ticket voucher issuance is permissible when the video lottery machine is linked to a computerized validation system that is connected to a central gaming system that reports all transactions. Payment by ticket voucher as a method of credit redemption is only permissible when:

- (1) The video lottery machine is linked to a computerized validation system which allow for the validation of the voucher; and
- (2) Utilizing an approved alternation method that includes the ability to identify duplicate vouchers.

#### **Source:**

**General Authority:** SDCL 42-7A-21(3)(17).

**Law Implemented:** SDCL 42-7A-37.



**48:02:14:02. Ticket voucher – Required information.** Ticket vouchers must contain the following information:

- (1) Establishment name and video lottery establishment number;
- (2) Video lottery machine serial number;
- (3) Date and time;
- (4) Alpha value of the voucher in local monetary units;
- (5) Voucher sequence number;
- (6) Validation number (must appear on the leading edge of the ticket voucher);
- (7) Bar code or any machine-readable code representing the validation number
- (8) Indication if the voucher is a duplicate assuming duplicate voucher may be printed by the video lottery machine;
- (9) Type of transaction or other method of differentiating voucher types; and
- (10) Indication of an expiration period from date of issue or date the voucher will expire.

**Source:**

**General Authority:** SDCL 42-7A-21(3)(17).

**Law Implemented:** SDCL 42-7A-37.

**48:02:14:03. Online ticket voucher redemption.** Ticket vouchers may be accepted by a video lottery machine connected to a validation system provided that no credits are issued to the video lottery machine prior to confirmation of ticket voucher validity.

**Source:**

**General Authority:** SDCL 42-7A-21(3)(17).

**Law Implemented:** SDCL 42-7A-37.

**48:02:14:04. Online ticket voucher issuance.** The video lottery machine may issue a printed ticket voucher that contains the information as indicated in ARSD 48:02:14:02. The video lottery machine shall support the transmission of the following information regarding each ticket voucher issued:

- (1) Value of credits in local monetary units in numerical form;
- (2) Time of day the ticket voucher was printed in twenty-four (24) hour format showing hours and minutes;
- (3) Date indicated by the day, month, year format;
- (4) Video lottery machine serial number; and
- (5) Validation number.

**Source:**

**General Authority:** SDCL 42-7A-21(3)(17).

**Law Implemented:** SDCL 42-7A-37.

**48:02:14:05. Offline ticket voucher issuance.** The video lottery machine shall meet the following minimum requirements to support the issuance of offline ticket vouchers after a loss of communication with the validation system has been identified:

- (1) The video lottery machine shall not issue more offline ticket vouchers than it has the ability to retain and display in the ticket voucher-out log;
- (2) The video lottery machine shall not request security validation codes used in the issuance of ticket vouchers until all outstanding offline voucher information has been fully communicated to the voucher validation system;

- (3) The video lottery machine shall request a new set of security validation codes if the current list of codes has the possibility of being compromised;
- (4) The security validation codes shall never be viewable through any display supported by the video lottery machine; and
- (5) An offline authentication identifier shall be included on the ticket voucher.

**Source:**

**General Authority:** SDCL 42-7A-21(3)(17).

**Law Implemented:** SDCL 42-7A-37.

**48:02:14:06. Ticket voucher-out log.** The video lottery machine shall have the ability to retain information on the last twenty five (25) ticket vouchers issued in a voucher-out log. The voucher-out log shall contain the following information for each recorded voucher:

- (1) Value of credits in local monetary units in numerical form;
- (2) Time of day the ticket voucher was printed in twenty-four (24) hour format showing hours and minutes;
- (3) Date in month, day and year;
- (4) Video lottery machine serial number; and
- (5) Validation number.

**Source:**

**General Authority:** SDCL 42-7A-21(3)(17).

**Law Implemented:** SDCL 42-7A-37.