

48:02:04:01. Criteria for suspension, revocation, and denial of license renewal. The ~~commission~~ executive director may suspend, revoke, or deny the renewal of a license for any violation of, or noncompliance with, the provisions of SDCL chapter 42-7A or this title, excluding a violation of SDCL 42-7A-44.

Source: 16 SDR 27, effective August 18, 1989; 30 SDR 52, effective October 28, 2003.

General Authority: SDCL 42-7A-21(16)(17).

Law Implemented: SDCL ~~42-7A-21(6)~~, 42-7A-11, 42-7A-44.1, 42-7A-56(3), 42-7A-57.

48:02:04:03. Hearing on suspension, revocation, denial of license renewal, or imposition of civil fine. A licensee may request an administrative hearing in the event of suspension, revocation, or denial of license renewal, or the imposition of civil fines, according to the provisions of SDCL chapter 1-26. A notice and hearing regarding suspension, revocation, denial of license renewal, or violations of SDCL chapter 42-7A and this title ~~shall~~ must be conducted by the commission in accordance with the contested case provisions of SDCL chapter 1-26.

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

General Authority: SDCL ~~42-7A-4~~, 42-7A-21.

Law Implemented: SDCL 42-7A-4, ~~42-7A-21~~, 42-7A-11, 42-7A-56(3), 42-7A-57, 42-7A-60(4).

48:02:05:04. Duties of licensed operators. ~~Specific duties of licensed~~ Licensed operators are as follows shall:

(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 or service agents to maintain the same skills;

(4) Attend all meetings, seminars, and training sessions for the repair and maintenance of machines and associated equipment required by ~~the lottery~~ the South Dakota Lottery SDCL chapter 42-7A 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 exceed one thousand dollars for any succession of games played;

(8) Notify ~~the lottery~~ South Dakota 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 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, and honesty, ~~and good taste~~ that does not reflect adversely on the lottery or ~~the~~ this 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~~ A contract entered into for the division of revenues from net machine income must clearly state that the ~~lottery~~ South Dakota 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~~ South Dakota Lottery by July first 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, 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 financial institution in this state with the ~~lottery~~ South Dakota Lottery endorsed on it as a payee;

(19) Respond to service calls within twenty-four 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 forty-eight hours from the time notice was received by the ~~lottery~~ South Dakota Lottery; and

(21) Sell approved machines under chapters 48:02:07 and 48:02:08 to other licensed operators.

Source: 16 SDR 27, effective August 18, 1989; 21 SDR 219, effective June 26, 1995; 37 SDR 215, effective May 31, 2011; 49 SDR 51, effective November 27, 2022.

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

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

48:02:07:04. Report of test results. After each test has been completed pursuant to § 48:02:07:03, the ~~lottery~~ South Dakota Lottery shall provide the machine manufacturer a report that contains findings, conclusions, and pass/fail results. The report may contain recommendations for video lottery machine modifications to bring it into compliance with SDCL chapter 42-7A and this article. Prior to approving a ~~particular~~ machine model, the ~~lottery~~ South Dakota Lottery may require a trial period to test the machine in a licensed establishment ~~not to exceed 60 days~~ for a minimum of twenty-one days. During the trial period, the manufacturer may not make any modifications to the machine model unless approved by ~~the lottery~~ the South Dakota Lottery. The ~~lottery~~ South Dakota Lottery shall affix seals to each machine during the test period.

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

General Authority: SDCL 42-7A-21(10), ~~42-7A-21(11)~~.

Law Implemented: SDCL 42-7A-40.

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 subdivisions 42-7A-37(5) and (6) for one hundred eighty days after power is discontinued from the machine. The backup device ~~shall~~ must 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~~ have:

(a) An electronic or mechanical coin acceptor; and

(b) A bill acceptor that accepts one-dollar bills, five-dollar bills, ten-dollar bills, twenty-dollar bills, fifty-dollar bills, one hundred-dollar bills, and ticket vouchers. The bill acceptors may be for any single bill or combination of bills in the denominations listed in this subdivision and ticket vouchers.

Approval letters and test reports of the coin and bill acceptors from other state or federal jurisdictions may be submitted. ~~However, all~~ All coin and bill acceptors are subject to approval by ~~the lottery~~ South Dakota 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 Eeproms ~~(which are~~ 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~~ creating an electronic copy on a self-contained internal or external medium prior to the continuation of game play. ~~The, with the~~ ticket voucher ~~must record~~ containing the following information ~~when credits accrued on the video lottery machine are redeemed for cash:~~

(a) The number of credits;

(b) The value of the credits in dollars and cents displayed in both alpha and 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 regarding the machine:

(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~~ South Dakota 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 two dollars 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~~ South Dakota Lottery's central computer system, as required in SDCL subdivision 42-7A-37(7), using a communications protocol provided to each licensed manufacturer by the ~~lottery~~ South Dakota Lottery for the information and control programs approved by the commission; and

(14) 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; 49 SDR 51, effective November 27, 2022.

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

Law Implemented: SDCL ~~42-7A-1(16)~~, 42-7A-21, 42-7A-37, ~~42-7A-38~~.

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 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, Repealed.
- 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~~ approved machines at least three weeks in advance of scheduled training programs.

Training programs to qualify as a 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 as a Type I technician.

Training programs to qualify as a Type II technician ~~are held within the state of South Dakota with lottery personnel assisting the manufacturer or distributor in the training shall~~ must be coordinated with the South Dakota Lottery. Training for Type II technicians ~~shall~~ must be scheduled to accommodate persons needing qualification. Manufacturers and distributors ~~must~~ shall provide subsequent training and inform operators and the ~~lottery~~ South Dakota Lottery of new developments in the service and repair of ~~it's~~ the manufacturer's machines.

Source: 16 SDR 27, effective August 18, 1989; 21 SDR 219, effective June 26, 1995; 49 SDR 51, effective November 27, 2022.

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

Law Implemented: SDCL 42-7A-2, 42-7A-21.

48:02:10:04. Training requirements. The manufacturer, ~~and distributor,~~ or South Dakota Lottery shall administer an examination at the conclusion of the training for Type I or Type II technicians and recommend for qualification ~~as a Type I technician~~ each person who successfully completes the training. ~~The lottery shall administer an examination at the conclusion of the training for Type II technicians and qualify each person as a Type II technician who successfully completes the training 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 and shall submit the list and examinations to the ~~lottery~~ South Dakota Lottery. The list must show the name of the person who completed the training; the type of technician; the date and location of the training; 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; 49 SDR 51, effective November 27, 2022.

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

Law Implemented: SDCL 42-7A-2, 42-7A-21.

48:02:10:07. Maintenance log forms required. ~~A written maintenance log shall be kept in each video lottery machine located within the main cabinet access area. Every person, including lottery personnel, who gains entry into any internal space of a video lottery machine must sign the log, indicate the time and date of entry, indicate the mechanical meter readings, and list the areas inspected or repaired. The maintenance log forms must be obtained through the lottery and retained by operators for a period of three years from the date of the last entry. The maintenance logs must be available for inspection by the lottery upon request.~~ Repealed.

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

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

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

48:02:12:02. Method of payment. The management of each licensed establishment shall designate employees authorized to redeem credits on ticket vouchers during the establishment's hours of operation. Credits must be immediately paid in cash or by check when a player presents a valid ticket voucher for payment before the close of the business day. ~~No credits may be paid in tokens, chips, or merchandise.~~

Source: 16 SDR 27, effective August 18, 1989; 49 SDR 51, effective November 27, 2022.

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

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

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

Source: 16 SDR 27, effective August 18, 1989; 49 SDR 51, effective November 27, 2022.

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

Law Implemented: SDCL 42-7A-21, 42-7A-34.