

ARTICLE 3. BONA FIDE COIN OPERATED AMUSEMENT MACHINES

50-27-70. Legislative findings; definitions.

(a) The General Assembly finds that the ability to operate a bona fide coin operated amusement machine business in this state constitutes a privilege and not a right. Further, in order to prevent the unregulated operation of the bona fide coin operated amusement machine business, the General Assembly is enacting the procedural enhancements of this article which will aid in the enforcement of the tax obligations that arise from the operation of bona fide coin operated amusement machine businesses as well as prevent unauthorized cash payouts. The General Assembly finds that the bona fide coin operated amusement machine business can be conducted in a manner to safeguard the fiscal soundness of the state, enhance public welfare, and support the need to educate Georgia's children through the HOPE scholarship program and pre-kindergarten funding authorized by Article I, Section II, Paragraph VIII of the Constitution.

(b) As used in this article, the term:

(1) "Applicant" or "licensee" means an owner, including an owner's officers, directors, shareholders, individuals, members of any association or other entity not specified, and, when applicable in context, the business entity itself.

(2)

(A) "Bona fide coin operated amusement machine" means every machine of any kind or character used by the public to provide amusement or entertainment whose operation requires the payment of or the insertion of a coin, bill, other money, token, ticket, card, or similar object and the result of whose operation depends in whole or in part upon the skill of the player, whether or not it affords an award to a successful player pursuant to subsections (b) through (g) of Code Section 16-12-35, and which can be legally shipped interstate according to federal law. Examples of bona fide coin operated amusement machines include, but are expressly not limited to, the following:

(i) Pinball machines;

(ii) Console machines;

(iii) Video games;

(iv) Crane machines;

(v) Claw machines;

- (vi)** Pusher machines;
- (vii)** Bowling machines;
- (viii)** Novelty arcade games;
- (ix)** Foosball or table soccer machines;
- (x)** Miniature racetrack, football, or golf machines;
- (xi)** Target or shooting gallery machines;
- (xii)** Basketball machines;
- (xiii)** Shuffleboard games;
- (xiv)** Kiddie ride games;
- (xv)** Skee-ball machines;
- (xvi)** Air hockey machines;
- (xvii)** Roll down machines;
- (xviii)** Trivia machines;
- (xix)** Laser games;
- (xx)** Simulator games;
- (xxi)** Virtual reality machines;
- (xxii)** Maze games;
- (xxiii)** Racing games;
- (xxiv)** Coin operated pool tables or coin operated billiard tables as defined in paragraph (3) of Code Section 43-8-1; and
- (xxv)** Any other similar amusement machine which can be legally operated in Georgia.

The term also means a machine of any kind or character used by the public to provide music whose operation requires the payment of or the insertion of a coin, bill, other money, token, ticket, card, or similar object such as jukeboxes or other similar types of music machines.

(B) The term “bona fide coin operated amusement machine” does not include the following:

- (i)** Coin operated washing machines or dryers;
- (ii)** Vending machines which for payment of money dispense products or services;
- (iii)** Gas and electric meters;
- (iv)** Pay telephones;
- (v)** Pay toilets;
- (vi)** Cigarette vending machines;
- (vii)** Coin operated scales;
- (viii)** Coin operated gumball machines;
- (ix)** Coin operated parking meters;
- (x)** Coin operated television sets which provide cable or network programming;
- (xi)** Coin operated massage beds; and
- (xii)** Machines which are not legally permitted to be operated in Georgia.

(3) “Class A machine” means a bona fide coin operated amusement machine that is not a Class B machine, does not allow a successful player to carry over points won on one play to a subsequent play or plays, and:

- (A)** Provides no reward to a successful player;
- (B)** Rewards a successful player only with free replays or additional time to play;
- (C)** Rewards a successful player with noncash merchandise, prizes, toys, gift certificates, or novelties in compliance with the provisions of subsection (c) or paragraph (1) of subsection (d) of Code Section 16-12-35, and does not reward a successful player with any item prohibited as a reward in subsection (i) of Code Section 16-12-35 or any reward redeemable as an item prohibited as a reward in subsection (i) of Code Section 16-12-35;
- (D)** Rewards a successful player with points, tokens, tickets, or other evidence of winnings that may be exchanged only for items listed in subparagraph (C) of this paragraph; or

(E) Rewards a successful player with any combination of items listed in subparagraphs (B), (C), and (D) of this paragraph.

Notwithstanding the provisions of Code Section 16-12-35 or any other Code section to the contrary, the permitted noncash redemption award per play for a Class A machine shall not exceed a wholesale value of \$50.00.

(4) “Class B machine” means a bona fide coin operated amusement machine that allows a successful player to accrue points on the machine and carry over points won on one play to a subsequent play or plays in accordance with paragraph (2) of subsection (d) of Code Section 16-12-35 and:

(A) Rewards a successful player in compliance with the provisions of paragraphs (1) and (2) of subsection (d) of Code Section 16-12-35; and

(B) Does not reward a successful player with any item prohibited as a reward in subsection (i) of Code Section 16-12-35 or any reward redeemable as an item prohibited as a reward in subsection (i) of Code Section 16-12-35.

(5) “Distributor” means a person, individual, partnership, corporation, limited liability company, or any other business entity that buys, sells, or distributes Class B machines to or from operators.

(5.1) “Gift card” means an electronic payment device or system:

(A) Issued for a specific amount of noncash redemption which was earned by a successful player of a bona fide coin operated amusement machine; and

(B) Provided or loaded on a prepaid basis for the future purchase or delivery of any merchandise or service permitted by law from a single merchant or service provider or multiple merchants or service providers, whether affiliated or not.

(6) “Location license” means the initial and annually renewed license which every location owner or location operator must purchase and display in the location where one or more bona fide coin operated amusement machines are available for commercial use by the public for play in order to operate legally any such machine in this state.

(7) “Location license fee” means the fee paid to obtain the location license.

(8) “Location owner or location operator” means an owner or operator of a business where one or more bona fide coin operated amusement machines are available for commercial use and play by the public.

(9) “Manufacturer” means a person, individual, partnership, corporation, limited liability company, or any other business entity that supplies and sells major components or parts, including software, hardware, or both, to Class B machine distributors or operators.

(10) “Master license” means the certificate which every owner of a bona fide coin operated amusement machine must purchase and display in the owner’s or operator’s place of business where the machine is located for commercial use by the public for play in order to legally operate the machine in the state.

(10.1) “Master licensee” means any person that has lawfully applied for and received a master license.

(11) “Net receipts” means the entire amount of moneys received from the public for play of an amusement machine, minus the amount of expenses for noncash redemption of winnings from the amusement machine, and minus the amount of moneys refunded to the public for bona fide malfunctions of the amusement machine.

(12) “Operator” means any person, individual, firm, company, association, corporation, or other business entity that exhibits, displays, or permits to be exhibited or displayed, in a place of business other than his own, any bona fide coin operated amusement machine in this state.

(13) “Owner” means any person, individual, firm, company, association, corporation, or other business entity owning any bona fide coin operated amusement machine in this state.

(14) “Permit fee” means the annual per machine charge which every owner of a bona fide coin operated amusement machine in commercial use must purchase and display in either the owner’s or operator’s place of business in order to legally operate the machine in the state.

(15) “Person” means an individual, any corporate entity or form authorized by law including any of its subsidiaries or affiliates, or any officer, director, board member, or employee of any corporate entity or form authorized by law.

(16) “Single play” or “one play” means the completion of a sequence of a game, or replay of a game, where the player receives a score and from the score the player can secure free replays, merchandise, points, tokens, vouchers, tickets, cards, or other evidence of winnings as set forth in subsection (c) or (d) of Code

Section 16-12-35. A player may, but is not required to, exchange a score for rewards permitted by subparagraphs (d)(1)(A) through (d)(1)(D) of Code Section 16-12-35 after each play.

(17) “Slot machine or any simulation or variation thereof” means any contrivance which, for a consideration, affords the player an opportunity to obtain money or other thing of value, the award of which is determined solely by chance, whether or not a prize is automatically paid by the contrivance.

(18) “Sticker” means the decal issued for every bona fide coin operated amusement machine to show proof of payment of the permit fee.

(19) “Successful player” means an individual who wins on one or more plays of a bona fide coin operated amusement machine.

(20) “Temporary location permit” means the permit which every location owner or location operator must purchase and display in the location where one or more bona fide coin operated amusement machines are available for commercial use by the public for play in order to operate legally the machine or machines in this state for seven days or less. Such temporary location permits shall be subject to the same regulations and conditions as location licenses.

50-27-71. License fees; issuance of license; display of license; control number; duplicate certificates; application for license or renewal; penalty for noncompliance.

(a) Every manufacturer, distributor, and owner, except an owner holding a bona fide coin operated amusement machine solely for personal use or resale, who offers a bona fide coin operated amusement machine for sale to a distributor or to an owner and who offers others the opportunity to play for a charge, whether directly or indirectly, any bona fide coin operated amusement machine shall pay annual master license fees to the corporation as follows:

(1) For Class A machines:

(A) For five or fewer machines, the owner shall pay a master license fee of \$500.00.

In the event such owner acquires a sixth or greater number of machines during a calendar year which requires a certificate for lawful operation under this article so that the total number of machines owned does not exceed 60 machines or more, such owner shall pay an additional master license fee of \$1,500.00;

(B) For six or more machines but not more than 60 machines, the owner shall pay a master license fee of \$2,000.00. In the event such owner acquires a sixty-first or greater number of machines during a calendar

year which requires a certificate for lawful operation under this article, such owner shall pay an additional master license fee of \$1,500.00; or

(C) For 61 or more machines, the owner shall pay a master license fee of \$3,500.00;

(2) For any number of Class B machines, the owner shall pay a master license fee of \$5,000.00;

(3) For any distributor, the distributor shall pay a distributor license fee of \$5,000.00; and

(4) For any manufacturer, the manufacturer shall pay a manufacturer license fee of \$5,000.00.

The cost of the license shall be paid to the corporation by company check, cash, cashier's check, money order, or any other method approved by the chief executive officer. Upon such payment, the corporation shall issue a master license certificate to the owner. The license fees levied by this Code section shall be collected by the corporation on an annual basis, and the board may establish procedures for license collection and set due dates for these license payments. No refund or credit of the license charge levied by this Code section may be allowed to any owner who ceases the manufacture, distribution, or operation of bona fide coin operated amusement machines prior to the end of any license or permit period.

(a.1) Every location owner or location operator shall pay an annual location license fee for each bona fide coin operated amusement machine offered to the public for play. The annual location license fee shall be \$25.00 for each Class A machine and \$125.00 for each Class B machine. The annual location license fee levied by this Code section shall be collected by the corporation, and the board may establish procedures for location license fee collection and set due dates for payment of such fees. The location license fee shall be paid to the corporation by company check, cash, cashier's check, money order, or any other method approved by the chief executive officer. Upon payment, the corporation shall issue a location license certificate that shall state the number of bona fide coin operated amusement machines permitted for each class without further description or identification of specific machines. No refund or credit of the location license fee shall be allowed to any location owner or location operator who ceases to offer bona fide coin operated amusement machines to the public for commercial use prior the end of any license period.

(a.2) The corporation may refuse to issue or renew a location owner or location operator license or may revoke or suspend a location owner or location operator license issued under this article if:

(1) The licensee or applicant has intentionally violated a provision of this chapter or a regulation promulgated under this chapter;

(2) The licensee or applicant has intentionally failed to provide requested information or answer a question, intentionally made a false statement in or in connection with his or her application or renewal, or omitted any material or requested information;

(3) The licensee or applicant used coercion to accomplish a purpose or to engage in conduct regulated by the corporation;

(4) Failure to revoke or suspend the license would be contrary to the intent and purpose of this article;

(5) The licensee or applicant has engaged in unfair methods of competition and unfair or deceptive acts or practices as provided in Code Section 50-27-87.1; or

(6) Any applicant, or any person, firm, corporation, legal entity, or organization having any interest in any operation for which an application has been submitted, fails to meet any obligations imposed by the tax laws or other laws or regulations of this state.

(b) A copy of an owner's master license and the location owner's or location operator's location license shall be prominently displayed at all locations where the owner and location owner or location operator have bona fide coin operated amusement machines available for commercial use and for play by the public to evidence the payment of the fees levied under this Code section. A manufacturer's license and distributor's license, as well as invoices for the sales of any Class B machines to any person or entity licensed by this chapter, shall be available for inspection at their places of business and upon request from the corporation.

(c) Each manufacturer, distributor, and master license and each location license shall list the name and address of the manufacturer, distributor, owner, location owner, or location operator, as applicable.

(d) The corporation may provide a duplicate license issued pursuant to this Code section if the original license has been lost, stolen, or destroyed. The fee for a duplicate original license is \$100.00. If the original license is lost, stolen, or destroyed, a sworn, written statement must be submitted explaining the circumstances by which the license was lost, stolen, or destroyed and including the number of the lost, stolen, or destroyed license, if applicable, before a duplicate original license can be issued. A license for which a duplicate license has been issued is void.

(e) A license or permit issued under this Code section:

(1) Is effective for a single business entity;

(2) Vests no property or right in the holder of the license or permit except to conduct the licensed or permitted business during the period the license or permit is in effect;

(3) Except as provided in paragraph (5) of this subsection, is nontransferable, nonassignable by and between owners or location owners and location operators, and not subject to execution;

(4) Expires upon the death of an individual holder of a license or permit or upon the dissolution of any other holder of a license or permit; and

(5) As it relates to a master licensee, upon the sale of a master licensee's business in its entirety, the buyer shall pay to the corporation a transfer fee for the master license that accompanies the business in the following amounts:

(A) For the first sale of a master licensee's business, a transfer fee for the master license in the amount of \$10,000.00;

(B) For the second sale of such business, a transfer fee for the master license in the amount of \$25,000.00;

(C) For the third sale of such business, a transfer fee for the master license in the amount of \$50,000.00; and

(D) For the fourth sale of such business and each sale thereafter, a transfer fee for the master license in an amount to be established by the corporation, which transfer fee shall be not less than \$50,000.00.

(f) An application for the renewal of a license or permit must be made to the corporation in accordance with the due dates set forth in the rules promulgated by the board each year.

(g) Acceptance of a license or permit issued under this Code section constitutes consent by the licensee and the location owner or location operator of the business where bona fide coin operated amusement machines are available for commercial use and for play by the public that the corporation's agents may freely enter the business premises where the licensed and permitted machines are located during normal business hours for the purpose of ensuring compliance with this article.

(h) An application for a license or permit to do business under this article shall contain a complete statement regarding the ownership of the business to be licensed or the business where the permitted machines are to be located. This statement of ownership shall specify the same information that is required by the application to secure a sales tax number for the State of Georgia.

(i) An application for a master license shall be accompanied by either the annual or semiannual fee plus the required permit fee due for each machine. Additional per machine permits can be purchased during the year if needed by the owner. An application for a location license shall be accompanied by the appropriate fee.

(j) An application is subject to public inspection.

(k) A renewal application filed on or after the due dates set forth in the rules promulgated by the board, but before the license expires, shall be accompanied by a nonrefundable late fee of \$1,000.00; provided, however, that the nonrefundable late fee for Class A master and location licenses shall be \$100.00. A manufacturer, distributor, or master license or location license that has been expired for more than 90 days may not be renewed. In such a case, the manufacturer, distributor, master licensee, or location license owner shall obtain a new license, as applicable, by complying with the requirements and procedures for obtaining an original license.

(l) A holder of a license who properly completes the application and remits all fees with it by the due date may continue to manufacture, distribute, or operate bona fide coin operated amusement machines after the expiration date if its license or permit renewal has not been issued, unless the holder of the license is notified by the corporation prior to the expiration date of a problem with the renewal.

(m) Holders of manufacturer, distributor, and location licenses and temporary location permits shall be subject to the same provisions of this article with regard to refunds, license renewals, license suspensions, and license revocations as are master licensees.

(n) Failure to obtain a license as required by this Code section shall subject the person to a fine of up to \$25,000.00 and repayment of all fees or receipts due to the corporation pursuant to this article and may subject the person to a loss of all state licenses.

(o)

(1) Any license issued pursuant to this Code section shall be for a period of one, two, or three years at the option of the applicant or licensee at the time of issuance or renewal. The license fee for multiyear licenses shall be determined based on the annual license fees set forth in this Code section multiplied by the number of years for which the license is issued. Any refund of a license fee sought pursuant to Code Section 50-27-72 shall be prorated.

(2) A licensee shall report to the corporation any material change in the information requested by the corporation as a part of the application for or renewal of a license under this Code section and pay any additional fees associated with such change.

50-27-71.1. Gift cards; redemption.

(a)

(1) On and after May 6, 2024, and before July 1, 2026, nonreloadable gift cards shall be allowed as a legal form of redemption for Class A machines and Class B machines in addition to any other form of redemption allowed by law or authorized by the corporation.

(2) On and after July 1, 2026:

(A) Only replays and nonreloadable and reloadable gift cards shall be allowed as a legal form of redemption for Class A machines in addition to any other form of redemption allowed by law or authorized by the corporation; and

(B) Only replays, lottery products, and nonreloadable and reloadable gift cards shall be allowed as a legal form of redemption for Class B machines and no other form of redemption shall be allowed. Any location owner or location operator that provides for the redemption of products or services, other than replays and lottery products, that are not on a gift card shall, in addition to any other penalties provided by law, receive a warning for the first violation and shall be punished by civil penalties for any subsequent violations that shall be imposed by the corporation in amounts that are proportional to any amounts inappropriately redeemed; provided, however, that nothing in this subparagraph shall be construed to eliminate or reduce any administrative penalty related to a violation of Code Section 16-12-35.

(b) No value shall be placed on a gift card unless such value has been won by the player for the successful play of a game on the bona fide coin operated amusement machine. Such gift card may be used off the premises of the location licensee, but shall be loaded or caused to be loaded only on the location licensee's premises and only by the location licensee or its employees on such premises or by a self-service gift card redemption device on such premises. A gift card may be honored by the location licensee upon presentation but shall not be exchanged for cash, change, or currency.

(c) Notwithstanding Code Section 16-12-35 or any other provision of law to the contrary:

(1) Gift cards shall be redeemable or exchangeable for any goods or services which a successful player is entitled or permitted by law to purchase; and

(2) The award of such gift card shall be a lawful act of in-store redemption and shall be permitted to be fully redeemed off the premises.

(d) A successful player may redeem his or her winnings on a gift card from a self-service gift card device. Such device and the cost of such device may be provided by the location

owner or location operator, the master licensee, or both. Any contract or agreement entered into with a master licensee for the provision of self-service gift card redemption devices shall not be subject to the provisions of Code Section 50-27-87.1.

50-27-72. Refund of license.

(a) No refund is allowed for a manufacturer, distributor, or master license except as follows:

- (1) The licensee makes a written request to the corporation for a refund prior to the beginning of the calendar year for which it was purchased;
- (2) The licensee makes a written request prior to the issuance of the license or registration certificate;
- (3) The licensee makes a written request for a refund claiming the license or registration certificate was mistakenly purchased due to reliance on incorrect information from the corporation;
- (4) The processing of the license is discontinued; or
- (5) The issuance of the license is denied.

(b) Before a refund will be allowed if the renewal of a master license is denied, the corporation shall verify that the applicant has no machines in operation and does not possess any machines except those that are exempt from the fees. If a master license is not issued, the corporation may retain \$100.00 to cover administrative costs.

(c) No refund will be allowed if the owner has an existing liability for any other fees or taxes due. Any refund will be applied to the existing liability due.

50-27-73. Refusal to issue or renew license; revocation or suspension; hearing; limitation on issuance of licenses.

(a) The corporation shall not renew a license for a person under this article and shall suspend for any period of time or cancel a license if the corporation finds that the applicant or licensee is indebted to the state for any fees, costs, penalties, or delinquent fees.

(b) The corporation shall not issue or renew a license for a person under this article if the applicant does not designate and maintain an office in this state or if the applicant does not permit inspection by the corporation's agents of his or her place of business or of all records which the applicant or licensee is required to maintain; provided, however, that this subsection shall not apply to manufacturers.

(c) The corporation may refuse to issue or renew a manufacturer, distributor, or master license or may revoke or suspend a manufacturer, distributor, or master license issued under this chapter if:

(1) The licensee or applicant has intentionally violated a provision of this chapter or a regulation promulgated under this chapter;

(2) The licensee or applicant has intentionally failed to provide requested information or answer a question, intentionally made a false statement in or in connection with his or her application or renewal, or omitted any material or requested information;

(3) The licensee or applicant used coercion to accomplish a purpose or to engage in conduct regulated by the corporation;

(4) A master licensee or applicant allows the use of its master license certificate or per machine permit stickers by any other business entity or person that owns or operates bona fide coin operated amusement machines available for commercial use and available to the public for play. If such unauthorized use occurs, the corporation may fine the licensee as follows:

(A) One thousand dollars for each improper use of a per machine permit sticker; and

(B) Twenty-five thousand dollars for each improper use of a master license certificate.

In addition, the corporation is authorized to seize the machines in question and assess the master license and permit fees as required by law and to assess the costs of such seizure to the owner or operator of the machines;

(5) Failure to suspend or revoke the license would be contrary to the intent and purpose of this article;

(6) The licensee or applicant has engaged in unfair methods of competition and unfair or deceptive acts or practices as provided in Code Section 50-27-87.1; or

(7) Any applicant, or any person, firm, corporation, legal entity, or organization having any interest in any operation for which an application has been submitted, fails to meet any obligations imposed by the tax laws or other laws or regulations of this state.

(d) The corporation, on the request of a licensee or applicant for a license, shall conduct a hearing to ascertain whether a licensee or applicant for a license has engaged in

conduct which would be grounds for revocation, suspension, or refusal to issue or renew a license.

(e) Effective July 1, 2024, the corporation may issue up to 220 Class B master licenses through a process of competitive auction to be established by the corporation and a competitive auction for one license shall occur once every three years effective July 1, 2024; provided, however, that any person or entity holding a Class B master license on the effective date of this subsection shall not be subject to the competitive auction process provided for in this Code section but shall be subject to all other requirements of this article; provided, further, that the corporation shall be permitted to renew Class B master licenses at any time.

(f) At any time following a proposed revocation or a proposed nonrenewal of a master license by the corporation, any settlement of such proposed revocation or proposed nonrenewal involving the sale of the master license and associated assets, including, but not limited to, contracts or agreements entered into pursuant to Code Section 50-27-87 and bona fide coin operated amusement machines, shall require a public auction.

50-27-74. Right to notice and hearing; service of notice; establishment of procedures; prohibition on assigning, transferring or selling by master licensee.

(a) An applicant or licensee is entitled to at least 30 days' written notice and, if requested, a hearing in the following instances:

(1) After an application for an original or renewal license has been refused;

(2) Before the corporation may revoke a license; or

(3) Before the corporation may invoke any other sanctions provided by this article. For purposes of this paragraph, sanctions shall not include:

(A) Issuance of a citation;

(B) Imposition of a late fee, penalty fee, or interest penalty under subsection (k) of Code Section 50-27-71, Code Section 50-27-80, or subsection (a) of Code Section 50-27-82; or

(C) Sealing a machine or imposing charges related thereto under subsection (f) of Code Section 50-27-82.

(b) The written notice provided by this Code section may be served personally by the chief executive officer or an authorized representative of the corporation or sent by United States certified mail or statutory overnight delivery addressed to the applicant, licensee, or registration certificate holder at its last known address. In the event that notice cannot be effected by either of these methods after due diligence, the chief executive officer may prescribe any reasonable method of notice calculated to inform a

person of average intelligence and prudence of the corporation's action, including publishing the notice in a newspaper of general circulation in the area in which the applicant, licensee, or registration certificate holder conducts its business activities. The written notice shall state with particularity the basis upon which the corporation is taking the proposed actions.

(c) Subject to approval by the chief executive officer and corporation, the Bona Fide Coin Operated Amusement Machine Operator Advisory Board shall establish a procedure for hearings required by this article. Such procedure shall empower the chief executive officer with the authority to delegate or appoint any person or public agency to preside over the hearing and adjudicate the appeal, and the chief executive officer shall identify the party responsible for entering a final decision for the corporation.

(d) At the time that a master licensee receives notice of a potential revocation of its master license as provided in this Code section, the master licensee shall be prohibited from assigning, selling, or otherwise transferring any of its contracts with location owners or location operators to any other master licensee or other person, and such prohibition shall remain in effect unless or until a final decision, not subject to further appeal, is rendered which does not result in the revocation of the master license. After a master license is revoked by final order and no other appeals are available, any contracts between a master licensee and a location owner or location operator for the providing of bona fide coin operated amusement machines shall be null and void. Nothing in this subsection shall prevent a location owner or location operator from exercising any contractual right to place machines of another master licensee in such location.

50-27-75. Delivery of order refusing application or imposing sanction.

(a) The corporation shall deliver to the applicant or licensee a written copy of the order refusing an application or renewal application, revoking a master license, or imposing any other sanction provided in this article issued after any required hearing provided by Code Section 50-27-74.

(b) Delivery of the corporation's order may be given by:

- (1)** Personal service upon an individual applicant or licensee;
- (2)** Personal service upon any officer, director, partner, trustee, or receiver, as the case may be;
- (3)** Personal service upon the person in charge of the business premises, temporarily or otherwise, of the applicant or licensee;
- (4)** Sending such notice by United States certified mail or statutory overnight delivery addressed to the business premises of the applicant or licensee; or

(5) Posting notice upon the outside door of the business premises of the applicant or licensee.

(c) Notice shall be deemed complete upon the performance of any action authorized in this Code section.

50-27-76. Judicial review of action by corporation or chief executive officer.

(a) Appeal by an affected person from all actions of the corporation or chief executive officer shall be to the Superior Court of Fulton County. The review shall be conducted by the court and shall be confined to the record.

(b) The court shall not substitute its judgment for that of the corporation or chief executive officer as to the weight of the evidence on questions of fact committed to the discretion of the corporation or chief executive officer. The court may affirm the decision of the corporation or chief executive officer in whole or in part; the court shall reverse or remand the case for further proceedings if substantial rights of the appellant have been prejudiced because the corporation's or chief executive officer's findings, inferences, conclusions, or decisions are:

(1) In violation of constitutional or statutory provisions;

(2) In excess of the statutory authority of the corporation or chief executive officer;

(3) Made upon unlawful procedures;

(4) Affected by other error of law;

(5) Not reasonably supported by substantial evidence in view of the reliable and probative evidence in the record as a whole; or

(6) Arbitrary or capricious or characterized by abuse of discretion or clearly unwarranted exercise of discretion.

50-27-77. Appeal from superior court.

Appeal from any final judgment of the Superior Court of Fulton County may be taken by any party, including the corporation, in the manner provided for in civil actions generally.

50-27-78. Payment and collection of annual permit fee; permit stickers; treatment of fees; penalty for defacing sticker.

(a) Every owner, except an owner holding a coin operated amusement machine solely for personal use or resale, who offers others the opportunity to play for a charge, whether direct or indirect, any bona fide coin operated amusement machine shall pay an annual permit fee for each bona fide coin operated amusement machine in the

amount of \$25.00 for each Class A machine and \$125.00 for each Class B machine. The fee shall be paid to the corporation by company check, cash, cashier's check, money order, or any other method approved by the chief executive officer. Upon payment, the corporation shall issue a sticker for each bona fide coin operated amusement machine. The board may establish procedures for annual collection and set due dates for the fee payments. No refund or credit of the annual fee levied by this article shall be allowed to any owner who ceases the exhibition or display of any bona fide coin operated amusement machine prior to the end of any license or permit period.

(b) The sticker issued by the corporation to evidence the payment of the fee under this Code section shall be securely attached to the machine. Owners may transfer stickers from one machine to another in the same class and from location to location so long as all machines in commercial use available for play by the public have a sticker of the correct class and the owner uses the stickers only for machines that it owns.

(c) Each permit sticker shall not list the name of the owner but shall have a control number which corresponds with the control number issued on the master license certificate to allow for effective monitoring of the licensing and permit system. Permit stickers are only required for bona fide coin operated amusement machines in commercial use available to the public for play at a location.

(d) The corporation may provide a duplicate permit sticker if a valid permit sticker has been lost, stolen, or destroyed. The fee for a duplicate permit sticker shall be \$25.00 for each Class A machine and \$125.00 for each Class B machine. If a permit sticker is lost, stolen, or destroyed, a sworn, written statement must be submitted explaining the circumstances by which the permit sticker was lost, stolen, or destroyed and including the number of the lost, stolen, or destroyed permit before a replacement permit can be issued. A permit for which a duplicate permit sticker has been issued is void.

(e) Each permit sticker issued for a bona fide coin operated amusement machine which rewards a winning player exclusively with free replays, noncash redemption merchandise, prizes, toys, gift certificates, or novelties; or points, tokens, tickets, cards, or other evidence of winnings that may be exchanged for free replays or noncash redemption merchandise, prizes, toys, gift certificates, or novelties, in accordance with the provisions of subsections (b) through (d) of Code Section 16-12-35 shall include the following: "GEORGIA LAW PROHIBITS THE PAYMENT OR RECEIPT OF ANY MONEY FOR REPLAYS OR MERCHANDISE AWARDED FOR PLAYING THIS MACHINE. O.C.G.A. SECTION 16-12-35."

(f) The corporation shall not assess any fees that are not explicitly authorized under this article on a manufacturer, distributor, operator, location owner, or location operator.

(g) All fees assessed by the corporation pursuant to this article shall be considered proceeds derived from a lottery operated on or on behalf of the state and shall not be

remitted to the general fund pursuant to Article I, Section II, Paragraph VIII(c) of the Constitution.

(h) It shall be unlawful to remove or deface a sticker which is attached to a machine without authorization by the owner of the machine or the corporation. A violation of this subsection shall be a misdemeanor.

50-27-79. Refund of annual permit fee.

No refund shall be allowed for the annual permit fee assessed on each bona fide coin operated amusement machine registered with the corporation except as follows:

(1) The owner makes a written request to the corporation for a refund prior to the beginning of the calendar year for which the permit sticker was purchased and returns the permit sticker;

(2) The owner makes a written request for a refund prior to the issuance of the permit sticker;

(3) The owner makes a written request for a refund claiming the permit sticker was mistakenly purchased for a machine not subject to the permit fee and returns the permit sticker; or

(4) The owner provides the corporation with a sworn affidavit that a machine was sold, stolen, or destroyed prior to the beginning of the calendar year for which the permit was purchased and returns the sticker unless it was attached to the stolen or destroyed machine.

50-27-80. Permit fees for additional machines; penalty fee.

If an owner purchases or receives additional bona fide coin operated amusement machines during the calendar year, the applicable annual permit fee shall be paid to the corporation and the sticker shall be affixed to the machine before the machine may be legally operated. A penalty fee equal to twice the applicable annual permit fee shall be assessed by the corporation for every machine in operation without a permit sticker.

50-27-81. Administration of article.

(a) The chief executive officer shall provide for the proper administration of this article and is authorized to act on behalf of the corporation for such purpose. The chief executive officer may initiate investigations, hearings, and take other necessary measures to ensure compliance with the provisions of this article or to determine whether violations exist. If the chief executive officer finds evidence of any criminal violations, he or she shall notify the appropriate prosecuting attorney in the county in which such violation occurred.

(b) The chief executive officer is authorized to provide for the enforcement of this article and the board shall provide for collection of the revenues under this article by rule and regulation.

(c) The chief executive officer may delegate to an authorized representative any authority given to the chief executive officer by this article, including the conduct of investigations, imposing of fees and fines, and the holding of hearings.

50-27-81.1. Regulatory guidance letter.

The corporation shall by rule and regulation create a process whereby any person may request an official interpretation of any rule or regulation through a regulatory guidance letter. A regulatory guidance letter shall be issued within 60 days of a request seeking guidance on a rule or regulation and shall only be used to interpret or clarify existing rules and regulations. A regulatory guidance letter shall remain in effect and be valid unless it is superseded by a subsequently adopted state law or a rule or regulation of the corporation, a subsequently issued regulatory guidance letter, or a court order. The corporation shall incorporate relevant portions of any regulatory guidance letter in subsequent rules and regulations as may be applicable and necessary to ensure clarity in such rules and regulations.

50-27-82. Criminal violations; investigations; seizure and confiscation of machines; repossession; sealing of machines.

(a) If any owner or operator of any bona fide coin operated amusement machine in this state shall violate any provision of this article or any rule and regulation promulgated under this article, the corporation may investigate the violation and may seek sanctions, including late fees of \$50.00 for failure to pay timely permit sticker fees, \$125.00 for failure to pay timely the master license fee, suspension or revocation of a license, seizure of equipment, interest penalty, and debarment for repeat offenders.

(b) No person other than an owner shall intentionally remove a current permit sticker from a bona fide coin operated amusement machine or from the location where the machine is located. Any person who violates this subsection shall be guilty of a misdemeanor.

(c) A person who owns or operates bona fide coin operated amusement machines without a current master license or without a permit sticker on display shall be guilty of a misdemeanor.

(d) A person who knowingly makes a material false statement on any application or renewal application for a master license or permit sticker under this article by fraud, misrepresentation, or subterfuge or makes a material false entry on any book, record, or report which is compiled, maintained, or submitted to the corporation pursuant to the provisions of this article is guilty of a felony and upon conviction thereof shall be

punished by imprisonment for not less than one nor more than five years, a fine not to exceed \$25,000.00, or both.

(e) Any bona fide coin operated amusement machine not having the required master license or permit stickers may be seized and confiscated by the corporation's agents or employees and sold at public auction after 30 days' advertisement. Upon payment of the license required, the corporation may return any property so seized and confiscated and compromise any fee or penalty assessed. The owner from whom the bona fide coin operated amusement machine is seized may, at any time within ten days after the seizure, repossess the property by filing with the corporation a bond, in cash or executed by a surety company authorized to do business in this state, in double amount of the tax and penalties due. Within 30 days after the bond has been filed, the owner must bring an action in a court of competent jurisdiction to have the seizure set aside; otherwise, the bond so filed shall be declared forfeited to the corporation.

(f) The chief executive officer or an authorized representative thereof may seal in a manner that will prevent its full operation any such bona fide coin operated amusement machine that is in commercial use available to the public for play whose master license or sticker under this article has been suspended or revoked, upon which the fee has not been paid, or that is not registered with the corporation under this article. Whoever shall break the seal affixed by the chief executive officer or an authorized representative thereof without the chief executive officer's approval or whoever shall provide in commercial use available to the public for play any such bona fide coin operated amusement machine after the seal has been broken without the chief executive officer's approval or whoever shall remove any bona fide coin operated amusement machine from its location after the same has been sealed by the chief executive officer shall be guilty of a misdemeanor. The corporation shall charge a fee of \$75.00 for the release of any bona fide coin operated amusement machine which is sealed. The fee shall be paid to the corporation.

50-27-83. Validity of prior existing obligations to state.

(a) All taxes, fees, penalties, and interest accruing to the State of Georgia under any other provision of Title 48 as it existed prior to July 1, 2010, shall be and remain valid and binding obligations to the State of Georgia for all taxes, penalties, and interest accruing under the provisions of prior or preexisting laws and all such taxes, penalties, and interest now or hereafter becoming delinquent to the State of Georgia prior to July 1, 2010, are expressly preserved and declared to be legal and valid obligations to the state.

(b) The enactment and amendment of this article shall not affect offenses committed or prosecutions begun under any preexisting law, but any such offenses or prosecutions

may be conducted under the law as it existed at the time of the commission of the offense.

(c) Nothing in this article shall be construed or have the effect to license, permit, authorize, or legalize any machine, device, table, or bona fide coin operated amusement machine the keeping, exhibition, operation, display, or maintenance of which is in violation of the laws or Constitution of this state.

50-27-84. Limitation on percent of monthly gross retail receipts derived from machines; verified reports; consequence for violations; submission of electronic reports.

(a) As used in this Code section, the term:

(1) "Amusement or recreational establishment" means an open-air establishment frequented by the public for amusement or recreation. Such an establishment shall be in a licensed fixed location located in this state and which has been in operation for at least 35 years.

(2) "Business location" means any structure, vehicle, or establishment where a business is conducted.

(3) "Gross retail receipts" means the total revenue derived by a business at any one business location from the sale of goods and services and the commission earned at any one business location on the sale of goods and services but shall not include revenue from the sale of goods or services for which the business will receive only a commission. The sale of goods or services for which the business will receive only a commission shall not include the sale of any item which the business has purchased for resale. Revenue shall not include the sale of goods and services at wholesale.

(b)

(1) No location owner or location operator shall derive more than 50 percent of such location owner's or location operator's quarterly gross retail receipts for the business location in which the Class B machine or machines are situated from such Class B machines; provided, however, that revenues that are due to a master licensee or the corporation or noncash redemption that is earned by the player shall not be deemed revenue derived from Class B machines. This paragraph shall not apply to historical fraternal benefit associations or veterans organizations which are exempt from taxes and are described in Code Section 48-5-41 or 48-5-478.4.

(2) No location owner or location operator shall offer more than nine Class B machines to the public for play in the same business location; provided, however,

that this limitation shall not apply to an amusement or recreational establishment.

(c) For each business location which offers to the public one or more Class B machines, the location owner or location operator shall prepare a quarterly verified report setting out separately by location in Georgia:

- (1)** The gross receipts from the Class B machines;
- (2)** The gross retail receipts for the business location; and
- (3)** The net receipts of the Class B machines.

(c.1) Each person holding a Class B master license shall prepare a quarterly verified report setting out separately by location in Georgia:

- (1)** The gross receipts from the Class B machines which the master licensee maintains; and
- (2)** The net receipts of the Class B machines.

(d) In accordance with the provisions of Code Section 50-27-73 and the procedures set out in Code Sections 50-27-74 and 50-27-75, the corporation may fine an applicant or holder of a license, refuse to issue or renew a location license or master license, or revoke or suspend a location license or master license for single or repeated violations of subsection (b) of this Code section.

(e) A location owner or location operator shall report the information prescribed in this Code section in the form required by the corporation. Such report shall be submitted in an electronic format approved by the corporation.

(f) Beginning on October 1, 2024, and on the twentieth day of January, April, July, and October of each year thereafter, for the previous calendar quarter, the reports required by subsections (c) and (c.1) of this Code section shall be supplied to the corporation on forms provided by the corporation, including electronic means. The corporation shall be authorized to audit any records for any such business location or master licensee subject to this Code section. The corporation may contract with any state agencies to perform the audits authorized by this Code section, and it may contract or enter into a memorandum of understanding with the Department of Revenue to enforce the provisions of this Code section.

50-27-85. Penalties for violations by location owners or operators.

(a) Except as specifically provided in this article, for single or repeated violations of this article by a location owner or location operator who offers one or more bona fide coin

operated amusement machines for play by the public, the corporation may impose the following penalties on such a location owner or location operator:

(1) A civil fine in an amount specified in rules and regulations promulgated in accordance with this article; or

(2) For a third or subsequent offense, a suspension or revocation of the privilege of offering one or more bona fide coin operated amusement machines for play by the public.

(b) Before a penalty is imposed in accordance with this Code section, a location owner or location operator shall be entitled to at least 30 days' written notice and, if requested, a hearing as provided in Code Section 50-27-74. Such written notice shall be served in the manner provided for written notices to applicants and holders of licenses in subsection (b) of Code Section 50-27-74, and an order imposing a penalty shall be delivered in the manner provided for delivery of the corporation's orders to applicants for licenses and holders of licenses in Code Section 50-27-75.

(c) In the case of a suspension or revocation in accordance with this Code section, the corporation shall require the location owner or location operator to post a notice in the business location setting out the period of the suspension or revocation. No applicant or holder of a license or permit shall allow a bona fide coin operated amusement machine under the control of such applicant or holder of a license or permit to be placed in a business location owned or operated by a location owner or location operator who has been penalized by a suspension or revocation during the period of the suspension or revocation.

50-27-86. Local enactment and enforcement of ordinances authorized.

In addition to the state regulatory provisions regarding bona fide coin operated amusement machines contained in Code Section 16-12-35 and this article, the governing authority of any county or municipal corporation shall be authorized to enact and enforce an ordinance which includes any or all of the following provisions:

(1) Prohibiting the offering to the public of more than six Class B machines at the same business location;

(2) Requiring the owner or operator of a business location which offers to the public any Class A machine or Class B machine to inform all employees of the prohibitions and penalties set out in subsections (e), (f), and (g) of Code Section 16-12-35;

(3) Requiring the owner or possessor of any Class A machine or Class B machine to inform each location owner or location operator of the business location

where such machine is located of the prohibitions and penalties set out in subsections (e), (f), and (g) of Code Section 16-12-35;

(4) Providing for the suspension or revocation of a license granted by such local governing authority to manufacture, distribute, or sell alcoholic beverages or for the suspension or revocation of any other license granted by such local governing authority as a penalty for conviction of the location owner or location operator of a violation of subsection (e), (f), or (g) of Code Section 16-12-35, or both. An ordinance providing for the suspension or revocation of a license shall conform to the due process guidelines for granting, refusal, suspension, or revocation of a license for the manufacture, distribution, or sale of alcoholic beverages set out in subsection (b) of Code Section 3-3-2;

(5) Providing for penalties, including fines or suspension or revocation of a license as provided in paragraph (4) of this Code section, or both, for a violation of any ordinance enacted pursuant to this Code section; provided, however, that a municipal corporation shall not be authorized to impose any penalty greater than the maximum penalty authorized by such municipal corporation's charter;

(6) Requiring any location owner or location operator subject to paragraph (1) of subsection (b) of Code Section 50-27-84 to provide to the local governing authority a copy of each verified monthly report prepared in accordance with such Code section, incorporating the provisions of such Code section in the ordinance, providing for any and all of the penalties authorized by subsection (d) of Code Section 50-27-84, and allowing an annual audit of the reports from the location owner or location operator;

(7) Requiring the location owner or location operator of any business location which offers to the public one or more Class A machines or Class B machines to post prominently a notice that includes language provided by the corporation through rules and regulations or language that is substantially similar;

(8) Providing for restrictions relating to distance from specified structures or uses so long as those distance requirements are no more restrictive than such requirements applicable to the sale of alcoholic beverages;

(9) Requiring as a condition for doing business in the jurisdiction disclosure by the location owner or location operator of the name and address of the owner of each Class A machine or Class B machine;

(10) Requiring that all Class A machines and Class B machines are placed and kept in plain view and accessible to any person who is at the business location; and

(11) Requiring a business that offers one or more Class A machines or Class B machines to the public for play to post its business license or occupation tax certificate.

50-27-87. Master licenses; requirements and restrictions for licensees.

(a)

(1) Except as provided in this Code section, a person shall not own, maintain, place, or lease a bona fide coin operated amusement machine unless he or she has a valid master license; provided, however, that a manufacturer or distributor may own a bona fide coin operated amusement machine intended for sale to an operator, master licensee, manufacturer, or distributor.

(2) A master licensee shall only place or lease bona fide coin operated amusement machines for use in Georgia in a licensed location owner's or location operator's establishments.

(3) To be eligible as a master licensee, the person shall not have had a gambling license in any state for at least five years prior to obtaining or renewing a Georgia master's license.

(4) On or after July 1, 2013, no person with or applying for a master license shall have an interest in any manufacturer, distributor, location owner, or location operator in this state. No person with or applying for a manufacturer license shall have an interest in a distributor, master licensee, location owner, or location operator in this state. No person applying for a distributor license shall have an interest in a manufacturer, master licensee, location owner, or location operator in this state. Additionally, no group or association whose membership includes manufacturers, distributors, operators, master licensees, location owners, or location operators shall obtain a master license nor shall they form an entity which acts as a master licensee, operator, location owner, or location operator for the purpose of obtaining a master license; provided, however, that through June 30, 2015, this paragraph shall not apply to persons who, as of December 31, 2013, have or will have continuously possessed a master license for ten or more years and, for ten or more years, have or will have continuously owned or operated a location where a bona fide coin operated machine has been placed. Nothing in this paragraph shall prohibit a manufacturer, distributor, or master licensee from entering into a financing arrangement with the other for the sale of machines, including but not limited to a lien, guaranty, or line of credit.

(5) Failure to adhere to the provisions of this subsection shall result in a fine of not more than \$50,000.00 and loss of the license for a period of one to five years per incident and subject the master licensee to the loss of any other state or local

license held by the master licensee. The corporation shall notify any state or federal agency that issues a license to such master licensee of the breach of its duties under this article.

(b)

(1) No bona fide coin operated amusement machine, its parts, or software or hardware shall be placed or leased in any location owner's or location operator's establishment except by a master licensee and only if the owner or agent of the location owner or location operator has entered into a written agreement with a master licensee for placement of the bona fide coin operated amusement machine. Beginning on July 1, 2013, no person with or applying for a location owner's or location operator's license shall have an interest in any person or immediate family member of a person with a master license, or doing business as a distributor, or manufacturer in this state. A location owner or location operator may sell a bona fide coin operated amusement machine to anyone except another location owner or location operator. Failure to adhere to this subsection shall result in a fine of up to \$50,000.00 and loss of the location owner's or location operator's license for a period of one to five years per incident and subject the location owner or location operator to the loss of any other state or local licenses held by the location owner or location operator. The corporation shall notify any state or federal agency that issues a license to such location owner or location operator of the breach of its duties under this article.

(2) A copy of the written agreement shall be on file in the master licensee's and the location owner's and location operator's place of business and available for inspection by individuals authorized by the corporation.

(3)

(A) Any written agreement entered into after April 10, 2013, shall be exclusive as between one bona fide coin operated amusement machine master licensee and one location owner or location operator per location. Any agreement entered into before April 10, 2013, shall not be deemed void for failure to allocate revenue pursuant to Code Section 50-27-87.1 or 50-27-102, and notwithstanding any agreements between master licensees and location owners and location operators, both shall act in a manner that complies with this chapter.

(B) Any agreement entered into or renewed after May 3, 2016, shall be for at least one year.

(C) Any applicant for a new location license for a location where machines have been placed at any time in the immediately preceding nine months shall either:

(i) Not place machines in such location for nine months from the date of the granting of the location license; or

(ii) Formally accept an assignment of the written agreement between the master licensee and the immediately preceding location owner or location operator; provided, however, that the master licensee may refuse to assign the written agreement.

For the purposes of division (ii) of this subparagraph, the master licensee is the master licensee that, in the nine months preceding the application for a new location license, had the last written agreement with the immediately preceding location owner or location operator or the master licensee that, in the nine months preceding the application for a new location license, had requested or commenced a hearing pursuant to Code Section 50-27-102, whichever had machines placed in the location first.

(c) No person shall receive a portion of any proceeds or revenue from the operation of a bona fide coin operated amusement machine except the operator, location owner, or location operator, notwithstanding Code Section 50-27-102. No commission or fee shall be awarded for the facilitation of a contract or agreement between a master licensee and a location owner or location operator; provided, however, that an employee of a master licensee may receive compensation, including a commission, for such agreements or contracts. A master licensee shall not pay a commission or provide anything of value to any person who is an employee, independent contractor, or immediate family member of a location owner or location operator.

(d) This Code section shall only apply to manufacturers, distributors, operators, master licensees, and location owners or location operators of Class B machines.

50-27-87.1. Unfair methods of competition; unfair and deceptive acts.

(a) The following acts or practices are deemed unfair methods of competition and unfair and deceptive acts under this article:

(1) Until the corporation certifies that the Class B accounting terminal authorized by Code Section 50-27-101 is implemented, a master licensee, location owner, or location operator retaining more than 50 percent of the net monthly proceeds for the operation of a Class B machine;

(2) A master licensee or owner entering into an agreement with a manufacturer or distributor:

(A) That grants the owner or master licensee exclusive rights to own, maintain, place, or lease a type, model, or brand of bona fide coin operated amusement machine in this state; or

(B) For the lease of a bona fide coin operated amusement machine, its parts, or software or hardware;

(3) A location owner or location operator asking, demanding, or accepting anything of value, including but not limited to a loan or financing arrangement, gift, procurement fee, lease payments, revenue sharing, or payment of license fees or permit fees from a manufacturer, distributor, or master licensee, as an incentive, inducement, or any other consideration to locate bona fide coin operated amusement machines in that establishment. A location owner that violates this subsection shall have all of the location owner's state business licenses revoked for a period of one to five years per incident. The location owner also shall be fined up to \$50,000.00 per incident and required to repay any incentive fees or other payments received from the operator; and

(4) A manufacturer, distributor, operator, master licensee, or individual providing anything of value, including but not limited to a loan or financing arrangement, gift, procurement fee, lease payments, revenue sharing, or payment of license fees or permit fees to a location owner or location operator, as an incentive, inducement, or any other consideration to locate bona fide coin operated amusement machines in that establishment. A manufacturer, distributor, operator, master licensee, or individual who violates this subsection shall have all of his or her state business licenses revoked for a period of one to five years per incident. The individual, manufacturer, distributor, owner, or master licensee also shall be fined up to \$50,000.00 per incident.

(b) The provision by the master licensee of non-fixtures on or within a building in which there is a licensed location at which bona fide coin operated amusement machines are located to a location owner or location operator with whom the master licensee has a contract for the placement of Class B machines shall not be deemed to be an unfair method of competition or unfair or deceptive act under this Code section; provided, however, that such non-fixtures shall:

(1) Be limited to branded posters and signs, digital video signage, rugs, seating, removable partition walls, and wall coverings, unless additional non-fixtures are authorized by the corporation by the adoption of rules and regulations;

- (2) Be exclusively for the facilitation and promotion of the play of Class B machines and the redemption of approved gift cards;
- (3) Remain the property of the master licensee; and
- (4) Be removed not later than when the Class B machines of the master licensee are removed from the location.

50-27-88. Establishment of rules and policies; application for license.

(a) The corporation shall establish rules or policies, with the advice of the Bona Fide Coin Operated Amusement Machine Operator Advisory Board, to establish or create:

- (1) Forms and information reasonably required for the submission of a license application; and
- (2) Procedures to ensure that applicants for a license provide the identical name and address of the applicant as stated in the application for a license required by local governing authorities and specify the premises where the licensee shall have its place of business.

(b) Any legal entity, including but not limited to all partnerships, limited liability companies, and domestic or foreign corporations, lawfully registered and doing business under the laws of Georgia or the laws of another state and authorized by the Secretary of State to do business in Georgia which seeks to obtain a license for bona fide coin operated amusement machines may be permitted to apply for a license in the name of the legal entity as it is registered in the office of the Secretary of State; provided, however, that:

- (1) In its application for any bona fide coin operated amusement machine license, the legal entity shall provide the corporation with the name and address of its agent authorized to receive service of process under the laws of Georgia, together with a listing of its current officers and their respective addresses;
- (2) Any change in the status of licensee's registered agent, including but not limited to change of address or name, shall be reported to the corporation within ten business days of such occurrence;
- (3) In the event that a legal entity shall fail to appoint or maintain a registered agent in Georgia as required by law, or whenever its registered agent cannot with due diligence be found at the registered office of the business as designated in its application for license, the chief executive officer shall be appointed agent to receive any citation for violation of the provisions of this article;
- (4) Process may be served upon the chief executive officer by leaving with the chief executive officer duplicate copies of such citations;

(5) In the event that the notice of citation is served upon the chief executive officer or one of the chief executive officer's designated agents, the chief executive officer shall immediately forward one of the copies to the business at its registered office;

(6) Any service made upon the chief executive officer shall be answerable within 30 days; and

(7) The corporation shall keep a record of all citations served upon the chief executive officer under this article and shall record the time of service and the disposition of that service.

50-27-89. Bona Fide Coin Operated Amusement Machine Operator Advisory Board; membership; terms; policies and procedures; selection of vendors.

(a) There shall be a Bona Fide Coin Operated Amusement Machine Operator Advisory Board to be composed of ten members. The chief executive officer of the corporation shall serve as a member. Two members shall be appointed by the Speaker of the House of Representatives, two members by the Lieutenant Governor, and five members by the Governor; at least one appointee shall be a licensed location owner or location operator. At least seven members shall be Georgia operators with current master licenses representing the broadest possible spectrum of business characteristics of bona fide coin operated amusement machine operators.

(b) Members appointed to the advisory board shall serve terms of four years. Upon the expiration of a member's term of office, a new member appointed in the same manner as the member whose term of office expired as provided in subsection (a) of this Code section shall become a member of the advisory board and shall serve for a term of four years and until such member's successor is duly appointed and qualified. If a vacancy occurs in the membership of the advisory board, a new member shall be appointed for the unexpired term of office by the official who appointed the vacating member. Members may be reappointed to additional terms.

(c) The advisory board shall establish its own policies and internal operating procedures. Members of the advisory board shall serve without compensation or reimbursement of expenses. The advisory board may report to the corporation in writing at any time. The corporation may invite the advisory board to make an oral presentation to the corporation.

(d) The advisory board shall have the exclusive authority to initiate a process to determine a variety of cost-effective, efficacious, and fiscally responsible approaches for consideration by the corporation of a Class B accounting terminal authorized by Code Section 50-27-101; provided, however, that the board shall comply with the deadline contained in subsection (a) of Code Section 50-27-101 for procuring the centralized

accounting terminal and communications network. The advisory board shall be further authorized to contract with the Department of Administrative Services to develop a request for proposal to receive bids to provide the Class B accounting terminal and shall submit a minimum of three recommended proposals to the corporation unless only two vendors respond. The corporation shall select one of the recommended proposals to serve as the Class B accounting terminal vendor.

(e) No advisory board member, corporation member, or immediate family of either may own a substantial interest in or be an employee, independent contractor, agent, or officer of any vendor recommended to or selected by the corporation. For the purposes of this Code section, "substantial interest" means the direct or indirect ownership of any privately held assets or stock or over \$5,000.00 in publicly traded stock.

50-27-100. Legislative findings.

The General Assembly finds that:

(1) There is a compelling state interest in ensuring the most efficient, honest, and accurate regulation of the bona fide coin operated amusement machine industry in this state; and

(2) The most efficient, accurate, and honest regulation of the bona fide coin operated amusement machine industry in this state can best be facilitated by establishing a Class B accounting terminal to which all Class B machines will be linked by a communications network to provide superior capability of auditing, reporting, and regulation of the coin operated amusement machine industry.

50-27-101. Class B accounting terminal; communication networks; other procedures and policies.

(a) On or before July 1, 2014, in cooperation with the Bona Fide Coin Operated Amusement Machine Operator Advisory Board established under Code Section 50-27-89, the corporation shall procure a Class B accounting terminal linked by a communications network through which all Class B machines in a location shall connect to a single point of commerce for the purpose of accounting and reporting to the state. In no event shall the terminal approved by the corporation limit participation to only one manufacturer or one type of bona fide coin operated amusement machine. Consideration shall be given to the cost associated with retrofitting all existing Class B machines and efforts made to minimize that cost.

(b) Six months after the procurement of a Class B accounting terminal and successful pilot testing, all Class B machines shall be linked by a communications network to a Class B accounting terminal for purposes of monitoring and reading device activities as provided for in this Code section. When the corporation is satisfied with the operation of

the Class B accounting terminal it shall certify the effective status of the Class B accounting terminal and notify all licensees of such certification.

(c) The Class B accounting terminal shall be designed and operated to allow the monitoring and reading of all Class B machines for the purpose of compliance with regard to their obligations to the state. The Class B accounting terminal shall be located within and administered by the corporation.

(d) The Class B accounting terminal shall not provide for the monitoring or reading of personal or financial information concerning patrons of bona fide coin operated amusement machines.

(e) Any entity that acts as a vendor for the corporation in building, operating, maintaining, or contracting to build, operate, or maintain a Class B accounting terminal shall be prohibited from obtaining a license as an operator or location owner or location operator. As used in this subsection, the term "entity" shall also include the entity's employees, independent contractors, consultants, or any other person as defined in paragraph (15) of subsection (b) of Code Section 50-27-70 which is related to the entity during the time the vendor is involved with providing service as it relates to the Class B accounting terminal for the corporation.

(f) Except as provided in subsection (e) of Code Section 50-27-73, nothing in this part shall be construed to provide any authority to the corporation to limit or eliminate Class B machines or to limit, eliminate, or unduly restrict the number of licenses, permits, or certifications for operators or location owners or location operators.

(g) The corporation shall not expand, limit, or otherwise alter what constitutes a bona fide coin operated amusement machine and the permitted redemption related items, except that the corporation shall be permitted to authorize any ticket or product of the corporation.

50-27-102. Role of corporation; implementation and certification; separation of funds and accounting; disputes.

(a) Upon successful implementation and certification of the Class B accounting terminal under the provisions of Code Section 50-27-101, and for the first fiscal year thereafter, the corporation shall:

(1) Retain 13 percent of the net receipts;

(2) Provide, within five business days of receipt, 43.5 percent of the net receipts to the location owner and location operator for the cost associated with allowing the Class B machines to be placed; and

(3) Provide, within five business days of receipt, 43.5 percent of the net receipts to the operator holding the Class B master license for the cost of securing, operating, and monitoring the machines.

(b) The corporation shall require location owners and location operators to place all bona fide coin operated amusement machine proceeds due the corporation in a segregated account in institutions insured by the Federal Deposit Insurance Corporation not later than the close of the next banking day after the date of their collection by the retailer until the date they are paid over to the corporation. At the time of such deposit, bona fide coin operated amusement machine proceeds shall be deemed to be the property of the corporation. The corporation may require a location owner or location operator to establish a single separate electronic funds transfer account where available for the purpose of receiving proceeds from Class B machines, making payments to the corporation, and receiving payments for the corporation. Unless otherwise authorized in writing by the corporation, each bona fide coin operated amusement machine location owner or location operator shall establish a separate bank account for bona fide coin operated amusement machine proceeds which shall be kept separate and apart from all other funds and assets and shall not be commingled with any other funds or assets. Whenever any person who receives proceeds from bona fide coin operated amusement machines becomes insolvent, the proceeds due the corporation from such person shall have preference over all debts or demands. Whenever any person who receives proceeds from bona fide coin operated amusement machines dies insolvent, the proceeds due the corporation from such person's estate shall have preference over all debts or demands except the provision of year's support for such person's family. If any financial obligation to the corporation has not been timely received, the officers, directors, members, partners, or shareholders of the location owner or location operator shall be personally liable for the moneys owed to the corporation. The corporation shall issue a federal Internal Revenue Service Form 1099, or its equivalent, to each master licensee and location owner or location operator which receives proceeds pursuant to this Code section.

(c)

(1) As a condition of the license issued pursuant to this article, no master licensee or location owner or location operator shall replace or remove a Class A machine or Class B machine from a location until the master licensee and location owner or location operator certify to the corporation that there are no disputes regarding any agreement, distribution of funds, or other claim between the master licensee and location owner or location operator; provided, however, that this certification shall not be required if a master licensee is replacing its own Class A machine or Class B machine at a location. If either the master licensee or location owner or location operator is unable to make the

certification required by this Code section, the corporation shall refer the dispute to a hearing officer as set forth in this subsection.

(2) The corporation shall have jurisdiction of all disputes between and among any licensees or former licensees whose licenses were issued pursuant to this article relating in any way to any agreement involving coin operated amusement machines, distribution of funds, tortious interference with contract, other claims against a subsequent master licensee or location owner, or any other claim involving coin operated amusement machines; provided, however, that this paragraph shall not apply to any agreement which expired on or before April 10, 2013. Except as provided in paragraph (1) of this subsection, the corporation shall refer any dispute certified by any master licensee against any other master licensee or any location owner or location operator or by any location owner or location operator against any master licensee to a hearing officer. For the purpose of service on licensees with respect to disputes, each licensee or former licensee shall register and keep current with the corporation the name of an agent and his or her address and an email address which shall be made available to any licensee on request. Service by registered mail, courier delivery, or overnight mail delivered to the agent's registered address and to the email address shall be adequate service on the licensee for a hearing on the dispute. All disputes subject to the provisions of this Code section certified by a master licensee, location owner, or location operator shall be decided by a hearing officer approved or appointed by the corporation. The corporation shall adopt rules and regulations governing the selection of hearing officers after consultation with the Bona Fide Coin Operated Amusement Machine Operator Advisory Board. Costs of the hearing officer's review, including any hearing set pursuant to this Code section, shall be shared equally between the parties in the dispute unless provided otherwise in the agreement or by the hearing officer; provided, however, that the corporation shall not be responsible for any of the costs associated with the dispute resolution mechanism set forth in this Code section. If any party fails to timely pay the costs of the hearing officer's review within ten days of service of notice of costs by the hearing officer, the hearing officer shall grant a default judgment on liability against the nonpaying party. The hearing officer shall then consider evidence related to damages or any other relief and shall render judgment based upon a preponderance of the evidence.

(3) The corporation shall also adopt rules governing the procedure, evidentiary matters, and any prehearing discovery applicable to disputes resolved pursuant to this Code section. Such rules shall be consistent with the Georgia Arbitration Code, and the corporation shall consult the Bona Fide Coin Operated Amusement Machine Operator Advisory Board regarding the procedures or rules adopted pursuant to this subsection. Notwithstanding Code Section 9-9-9, such

procedures and rules shall include at least the right of notice to produce books, writings, and other documents or tangible things; depositions; and interrogatories.

(4) If requested by the master licensee or the location owner or location operator, the hearing officer shall conduct a hearing as to the dispute, but in no case unless extended by the hearing officer for good cause shall the hearing officer conduct a hearing more than 90 days after he or she has been appointed or selected to decide the dispute. No Class B machine that is subject to the dispute resolution mechanism required by this Code section shall be removed from the terminal by a master licensee, location owner, or location operator or otherwise prevented by a master licensee, location owner, or location operator from play by the public until a final decision is entered and all appellate rights have been exhausted, or until the master licensee and location owner or location operator agree to a resolution, whichever occurs first.

(5) The decision of the hearing officer may be appealed to the chief executive officer or his or her designee. The chief executive officer shall not reverse a finding of fact of the hearing officer if any evidence supports the hearing officer's conclusion. The chief executive officer shall not reverse a conclusion of law of the hearing officer unless it was clearly erroneous, arbitrary, and capricious or exceeded the hearing officer's jurisdiction. The decision of the chief executive officer may be appealed to the Superior Court of Fulton County, which court shall not reverse the chief executive officer's findings of fact unless it is against the weight of the evidence as set forth in Code Section 5-5-21, and the chief executive officer's legal conclusions shall not be set aside unless there is an error of law.

50-27-103. Removal of Class B machines; notification; audits.

(a) Any local governing authority may, after providing no less than 60 days' notice to all master licensees and location owners and location operators, and in a manner consistent with this Code section, vote to remove any Class B machines from the local jurisdiction.

(b) Beginning on the first day of the first January after the certification of the Class B accounting terminal under the provisions of Code Section 50-27-101:

(1) The corporation shall notify any master licensee and location owner and location operator of any materially adverse findings of any audit conducted by the corporation to ensure compliance with Code Section 50-27-102. The notice shall be provided to both the master licensee and the location owner or location operator, regardless of which party's acts or conduct caused the materially adverse finding;

(2) If, after the notice required by this Code section, another consecutive audit conducted by the corporation not less than six months later contains a similar materially adverse finding, the corporation shall notify the master licensee and the location owner or location operator that were audited and every master licensee and location owner and location operator in this state. After the second consecutive audit described in this paragraph, the corporation may enter into a corrective action plan with the master licensee or the location owner or location operator, or both. If the next audit conducted by the corporation not less than six months later contains a similar materially adverse finding, the corporation shall notify the master licensee and the location owner or location operator that were audited and every master licensee and location owner and location operator in this state, and such notice shall be considered an order by the corporation. Unless a longer period of time is agreed to by the corporation, not more than 30 days after the third consecutive materially adverse audit finding, the master licensee and location owner or location operator that were audited may appeal the findings of any of the three audits to the Office of State Administrative Hearings as a contested case under Chapter 13 of Title 50, the "Georgia Administrative Procedure Act." If the master licensee or location owner or location operator that was audited does not appeal the corporation's order as authorized in this Code section, it shall be deemed a final order and shall be used to determine whether the notice to local governing authorities provided for in paragraph (3) of this subsection is required, and only upon such notice shall the action described by subsection (a) of this Code section be authorized. For the purposes of this Code section, notice shall be provided in the same manner required by subsection (b) of Code Section 50-27-74; and

(3) If, pursuant to paragraph (2) of this subsection, a final judgment or final order has been entered against at least 15 percent of master licensees and location owners and location operators in a local jurisdiction over any consecutive two-year period, the corporation shall notify the city or county and each and every licensee in this state.

50-27-104. Penalties.

The penalties provided for in this article shall be in addition to any criminal penalties that may otherwise be provided by law.