

The State increases the bet

On June 25th, 2010 the government submitted another novelty for the Parliament procedure. The proposed Act on the amendments of the Act on the Games of Chance, containing the amendments which might provoke different reactions. Namely, the legislator has tried hard to, directly, without any beating around the bush, remind those who organize the games of chance that, more than ever before, they have to pay attention to the fact that they are engaging in the general interest activity, as well as that the revenue originating from the games of chance shall, to a certain extent, be deemed public revenue. It is interesting that the intention of the Proposal is to increase the inflow in the public revenue funds, but also to improve the mechanisms which would ensure that the inflow is uniform and even. Such technique has not characterized the former solutions and, beyond any doubt, the experience from the countries with the developed games of chance activity has been useful.

The Proposal primarily introduces some new and very interesting general prohibitions. Namely, a minor shall not participate in a special game of chance organized by gambling houses and betting houses, neither shall he/she be allowed to enter alone the facility in which the games of chance are organized. Exchange of the prize in goods for the prize in money is not allowed, while the special games of chance (games on the machines and betting) lasting more than 18 hours a day are canceled. Also, placing the name *Casino* on the facilities in which the special games of chance on the machines are organized is not allowed, and a special attention should be paid to the prohibition under which the State Lottery of Serbia (SLS) has been granted the exclusive right to use the terms lottery, lotto, bingo and other names of the standard games of chance.

Considering the fact that the fines are ten times higher, these prohibitions may be assessed as having a point, in case they are applied in practice. Nevertheless, we should

point out that the bets of the minors in the betting houses had in the past been tolerated rather than prevented, and that the very prohibition of entrance does not necessarily lead to termination of such practice. It is interesting to remember that the owners of the betting houses (probably due to the lack of knowledge of the legal regulations) used to keep in their facilities the notes prohibiting the minors to enter the betting house, but not betting itself. On the other hand, the restrictions in terms of time do allow the organizer to keep the betting house open until 4 o'clock a.m., and to re-open at 10 o'clock a.m. So none of the target groups is protected in an adequate manner. Also interesting is the prohibition in terms of placing the word *Casino* on the facilities in which the special games of chance on the machines are organized – in what way will the difference be made between these and those in which the games of chance are organized on the tables. The question also arises what would happen if the organizer has the word “Casino” in his name. Contrary to the present prohibition to use the words lottery, lotto, bingo and the names of other standard games of chance in the name of the legal entity or entrepreneur, except for the State Lottery of Serbia, the proposal prohibits placing of the word *Casino* on the facility, but does not prohibit that the word be in the name of the legal entity.

The interesting novelty is that the Proposal divides the games of chance into two categories: principal and other standard games of chance, which are organized only by the SLS against engagement of the operators (who would be working on behalf and for the account of SLS). The Proposal also provides for the previously inexistent cooperation with the foreign organizations. If the issue of obscurity of the concept of the foreign organization is avoided, the average reader of the Proposal will necessarily be encountered with the issue of consideration for organizing of the standard games of chance and the projected award for the winners. The award specified by the Act remains unchanged and amounts to 60% of the total value of the received payments, while the awards in the standard games of chance amount to at least 50% of the total issue of the lottery tickets. On the other hand, in case of the other games of chance (SMS lottery, fonto, etc.) the awards, subject to the Proposal, amount to at least 10% of the total value of the received payments for participation in the game. Leaving the possibility that the award in case of the other standard games of chance is established only as the 10th part

of the total payment is, to say the least of it, disputable, and the same can be said for the controversial novelty which specifies that only the drawing and no longer establishing of the awards in case of the standard games of chance shall be public.

As for the gambling and betting houses, as the terms which, subject to the law, are jointly defined as the houses in which the special games of chance are organized, the changes are most obvious. Namely, despite cancellation of the obligation of the legal entities organizing the special games of chance to be registered for gambling and betting, the license for organizing the special games of chance can only be obtained if that legal entity or its major shareholder has participation in at least one gambling house or betting house and if such legal entity has been organizing the games of chance for at least five years. So, the requirements are *de facto* and *de jure* more severe.

One of the more important protective provisions of the Act is contained in the new Article 38a. This provision clearly indicates that the entrance of the new players on the market will be well controlled and that the origin of the new capital will be controlled in the Republic of Serbia by purchase of the stakes and shares, i.e. by increase of the direct holding or the number of shares in the structure of the capital of the organizers of the special games of chance in the gambling houses. This provision reflects the necessity of compliance with the EU regulations.

As for control and supervision measures, we should mention the obligation of submitting the monthly calculation of the fees for organizing of the games of chance to the Games of Chance Department and not only to the Tax Department, as has been the case so far. This means supervision, control over the inflow of the funds into the public revenue, but will also indicate whether the organizer of the games of chance has failed to satisfy his commitments.

Of course, the Proposal will increase the amount of the annual fees for the gambling houses having the machines. Instead of the so far paid EUR 180 per machine per year, they shall pay EUR 25 per month, per machine, for the granted approval to organize the special games of chance on the machines. This will ensure regular monthly inflow of the

funds from the games of chance and increase the revenue from EUR 180 to EUR 300 p.a. on the ground. Nevertheless, in case of the machines, also the minimum payment to the players has been changed from 60% to 70% of the value of the payments, in compliance with the EU regulations.

The provisions of the Act stimulate joining of the gambling and betting houses, by establishing the deposit for 300 payment boxes or 2000 machines. The idea of the legislator was to ensure a more efficient control over the organizers and contribute to the increase of the inflow of the funds into the budget, which might be a reasonable solution, provided joining of the large gambling and betting houses does not become a problem by itself.

The provisions of the Proposal supporting construction of the new gambling houses instead of reconstruction of the old ones represent a positive improvement, which will contribute to attraction of the tourists, who come with foreign capital and intend to spend it in Serbia. Also very much up to the point is the new provision which creates the obligation for the Government to, when announcing a tender for granting the licenses for the gambling and betting houses, specify the territory, in compliance with the Act governing even regional development of the Republic. The reason for this amendment of the Act is to ensure that the gambling and betting shops are opened in the less developed regions, which would lead to opening of the new job positions and the new accompanying service activities.

We have to mention that the minimum fines in case of the legal entities (including SLS) and the persons in charge in the legal entity have been increased, even ten times.

Finally, please note that the gambling and betting houses shall be at least 200 meters (instead of former 150 meters) far from educational institutions, which would improve preventive treatment of the issue of the minors participation in the special games of chance and betting on the machines. However, the issue is whether the additional 50 meters will be an obstacle for a minor wishing to “take a list” or “pay a bet”. Here, and the same can be said for prohibition of entrance to the gambling house, it seems that the

legislators have intentionally avoided more radical solutions exactly in the cases where they have to be applied.

As for the games with goods and services as awards, as the third group of the games of chance, the Legislator has reduced the number of such games the legal entity or entrepreneur may organize within one year, from four to two, against the obligation to restrict the term of such game to 60 days period. The alleged reason for that is that a large number of such games and advertising thereof through the media has aggravated business operations of SLS. Nevertheless, having realized that the state funds would be reduced two times for the revenue originating from the award funds, the legislator has increased the percentage of the fee for organizing of the games from 20% to 25% of the total value of the awards fund, amortizing thereby the drop of the revenue from the games with goods and services as the awards, considering their reduced number.

In the generality thereof, it can be said that the Proposal favors the general interest not only through the repressive regulations governing the organizers of the special games of chance and the games with goods and services as the awards, but also by additional strengthening the position of the SLS in case of the standard games of chance. Nevertheless, the Legislator introduces certain novelties and mitigates the general impression which indicates that the proposal has probably been written more in favor of one participant in the games of chance. Therefore, it should not be forgotten that there are certain solutions which are redolent of the necessary intuition of the Legislator and adequately stress the important elements of support to Serbian economy, and therefore deserve a positive assessment.

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