

February 2, 1999

S 21. 1999 N.C. LOTTERY. TO ESTABLISH A STATE LOTTERY TO PROVIDE FUNDS FOR EDUCATIONAL PURPOSES. Substantially similar to H 83 (1997 Session), except for allocation of net revenues from lottery.

Creates new GS Ch. 143D establishing state lottery subject to voter approval by referendum at a special statewide election on Nov. 7, 2000.

Creates State Lottery Comm'n, consisting of nine members (five appointed by Governor, two appointed by General Assembly on recommendation of Senate President Pro Tem., and two appointed by General Assembly upon recommendation of House Speaker). Authorizes comm'n to hire full-time salaried director, who may appoint four assistant directors. Allows director to engage independent firm to advertise lottery after first year of operation and allows expenditure of up to 4% of lottery revenues on advertising.

Regulates lottery games. Allows, among other things, on-line games and games on computer terminals. Provides that retailers of lottery tickets receive 5% of retail price of ticket and that comm'n may give incentive bonus of up to 2% based on sales volume. Prohibits sale of lottery tickets to minors or payment of prizes to minors, but allows person over 18 years of age to give or assign lawfully purchased tickets to minor and allows payment of prize won by minor to minor's family or legal guardian.

Establishes Lottery Fund in State Treasury and requires State Controller to advance necessary funds for start-up costs. Provides that up to 16% of annual lottery revenues may be used for lottery expenses and that at least 50% of revenues must be used for prizes. Provides that, after payment of expenses and prizes, remainder is to be distributed as follows: 20% to the Clean Water Revolving Loan and Grant Fund under GS Ch. 159G; after that distribution, as much net income as is needed to fund an Education Improvement Scholarship Program (to be created following a study and report of a task force); remaining funds will be used for public education technology, facility and capital needs.

Revises tax code to subject winnings that are federally taxable to 7% state income tax and revises criminal statutes to exempt lottery activities from criminal penalties. Preempts all local regulation. Becomes effective when state Board of Elections certifies referendum results.

Intro. by Rand.

Ref. to Finance □ GS 143D,147,105,14,150B □ □