GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2005

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HOUSE BILL 3

Short Title: Local Option Education Lottery.

(Public)

Sponsors:Representatives Owens; Howard, Hunter, Glazier, and LaRoque.Referred to:Rules, Calendar, and Operations of the House.

January 27, 2005

1	A BILL TO BE ENTITLED
2	AN ACT GIVING COUNTIES THE AUTHORITY TO ALLOW THE OPERATION
3	OF A LOTTERY IN THAT COUNTY, TO PROVIDE FOR STATE
4	REGULATION OF LOCALLY APPROVED LOTTERY OPERATIONS, AND TO
5	DISTRIBUTE TO EACH COUNTY AND THE CITIES LOCATED IN THE
6	COUNTY TWENTY-FIVE PERCENT OF THE NET PROCEEDS OF LOTTERY
7	OPERATIONS TO THE COUNTIES FOR SCHOOL CONSTRUCTION AND TO
8	USE ADDITIONAL FUNDS TO IMPLEMENT AND ENHANCE
9	EDUCATIONAL PROGRAMS.
10	The General Assembly of North Carolina enacts:
11	SECTION 1. The General Statutes are amended by adding a new Chapter to
12	read:
13	" <u>Chapter 143D.</u>
14	"Local Option Lottery.
15	" <u>Article 1.</u>
16	"General Provisions.
17	" <u>§ 143D-1. Purpose.</u>
18	This Chapter allows the voters of each county to decide whether a Local Option
19	Education Lottery can be operated in that county for the purposes contained in this
20	Chapter. It also provides for State regulation of lottery operations in counties that have
21	approved these operations.
22	" <u>§ 143D-2. Definitions.</u>
23	The following definitions apply in this Chapter:
24	(1) <u>Commission. – The State Lottery Commission.</u>
25	
	(2) <u>Commissioner. – A member of the State Lottery Commission.</u>
26	(3) Director. – The Director of the State lottery.
26 27 28	

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1	(5)	Letter and America dama and her the Commission ashership	
1	(5) Lottery game. – A procedure authorized by the Commission whereby		
2	prizes are distributed among persons who have bought tickets or shares		
3	(\mathbf{C})	that provide the opportunity to win these prizes.	
4	<u>(6)</u>	Lottery game retailer. – The holder of a lottery game retailer permit	
5	(7)	issued by the Commission.	
6 7	<u>(7)</u>	Lottery vendor. – A person who submits a bid, proposal, or offer for the purpose of becoming a lottery contractor.	
8	<u>(8)</u>	<u>Major procurement. – Any of the following:</u>	
9	(0)		
10		 <u>a.</u> <u>Printing tickets or shares for use in a lottery game.</u> <u>b.</u> <u>Providing goods or services in connection with the receipt or</u> 	
11		recordation of number selections in a lottery game.	
12		<u>c.</u> <u>Providing goods or services in connection with the</u>	
12		<u>determination or generation of winners in a lottery game.</u>	
14	<u>(9)</u>	Person. – An individual, a firm, a partnership, an association, a	
15		corporation, or another organization or combination of individuals	
16		acting as a unit.	
17	(10)	<u>Share. – A method of participating in a lottery game, other than by</u>	
18	<u> </u>	purchasing a ticket, on an equivalent basis with participation by	
19		purchasing a ticket.	
20	" <u>§ 143D-3.</u> Cou	inty election to approve lottery.	
21	(a) Call c	of Election The board of elections of a county shall call an election on	
22	the date on whi	ch a statewide general, special, or primary election is scheduled on the	
23	question of the o	operation of a lottery in the county if the board receives a written request	
24	to do so from the	ne board of commissioners of the county. This election shall be held in	
25		Chapter 163 of the General Statutes.	
26		t. – The county board of elections shall prepare a ballot for an election	
27	held under this s	section. The ballot shall be in the following form:	
28		"[] YES [] NO	
29		cal Option Lottery for Education should be operated in this county."	
30		t. – If a majority of those voting in an election under this section	
31	~~ ~	eration of a lottery, the board of county commissioners shall notify the	
32		the Governor has not yet appointed the Commission, however, the	
33		fy the Governor. When the voters in at least 25 counties have approved	
34 25	*	a lottery and the boards of county commissioners in these counties have	
35 26		ommission or the Governor, as appropriate, of the approval, the	
36 37		nall proceed to operate a lottery in the approving counties. The any not operate a lottery in any county until this 25-county requirement is	
37 38	met.	is not operate a forcery in any county until this 23-county requirement is	
38 39		y of those voting in an election under this section do not approve the	
40		ottery, the question of whether to allow the operation of a lottery in the	
40 41	•	be submitted to the voters of the county again for at least five years	
42	• •	e election was held.	
43		inty election to reneal annroval of lottery	

43 "<u>§ 143D-4. County election to repeal approval of lottery.</u>

1	(a) Elect	ion A county that has approved the operation of a lattery in the county	
		ion. – A county that has approved the operation of a lottery in the county	
2		approval. To repeal the approval, the county shall hold a special election	
3	on the question of repealing the approval; and a majority of those who vote in the		
4		ote to repeal the approval. The board of elections of a county shall call a	
5	-	on the question of repealing approval of the operation of a lottery in the	
6	-	me circumstances in which it is required to call a special election on the	
7		roving the operation of a lottery in the county. The special election shall	
8		dance with Chapter 163 of the General Statutes.	
9		t. – The county board of elections shall prepare a ballot for a special	
10	election held un	der this section. The ballot shall be in the following form:	
11	D	"[] FOR [] AGAINST	
12		al of operations of the Local Option Education Lottery in the county."	
13		t. – If a majority of those voting in an election under this section	
14	~ ~	epeal of lottery operations in the county, the board of county	
15		shall notify the Commission. The Commission shall end lottery	
16		e county within three months of the date of the election.	
17		y of those voting in an election under this section do not approve the	
18		operations in the county, the county lottery operations remain in effect.	
19 20		epeal approval of the operation of a lottery in a county may not be held	
20		every three years and may not be held within three years of the date of	
21		which operation of the lottery was approved.	
22		tery is a lawful activity in counties that vote for the lottery.	
23		or a local ordinance that prohibits the operation of a lottery or the sale or	
24 25		lottery game ticket or share does not apply to a lottery operated under	
25 26		a lottery game ticket or share issued under this Chapter.	
20 27		cal governments may not regulate or tax the State lottery. ernment in a county that has approved the operation of a lottery in the	
27		adopt an ordinance that does any of the following:	
28 29	(1)	Regulates the operation of the lottery.	
29 30		<u>Imposes a tax on the sale of lottery game tickets or shares.</u>	
30 31	$\frac{(2)}{(3)}$	Imposes a tax on the gross receipts of a lottery game retailer from sales	
32	<u>(5)</u>	of lottery game tickets or shares.	
32 33	"8 1/3D_7 Mi	sdemeanor violations of lottery laws.	
33 34		E each of the following lottery laws is a Class 1 misdemeanor and is	
35		covided in G.S. 15A-1340.23:	
36	(1)	Knowingly selling a lottery game ticket or share to a person who is	
37	(1)	less than 18 years old, in violation of G.S. 143D-32.	
38	(2)	Selling a lottery game ticket or share for a price other than the retail	
39	<u>\</u>	price set by the Commission, in violation of G.S. 143D-32.	
40	<u>(3)</u>	Selling a lottery game ticket or share without a lottery game retailer	
41		permit or authorization, in violation of G.S. 143D-45.	
42	<u>(4)</u>	Knowingly giving false information on an application for a lottery	
43		game retailer permit, in violation of G.S. 143D-47.	
44	" <u>§ 143D-8. Lot</u>	tery law enforcement agents.	

1	(a) Appointment. – The Secretary of Crime Control and Public Safety shall
2	appoint lottery law enforcement agents. The Secretary of Crime Control and Public
3	Safety can appoint the same individual as an alcohol law enforcement agent under
4	G.S. 18B-500 and a lottery law enforcement agent under this section and shall do so to
5	the extent practical to achieve efficiency and economy in law enforcement personnel.
6	(b) Subject Matter Jurisdiction. – After a lottery law enforcement agent takes the
7	oath prescribed for a peace officer, the agent has the same authority to arrest and take
8	other investigatory and enforcement actions as an alcohol law enforcement agent. An
9	individual who is a lottery law enforcement agent but not an alcohol law enforcement
10	agent has primary responsibility for enforcement of the lottery laws. An individual who
11	is both a lottery law enforcement agent and an alcohol law enforcement agent has
12	primary responsibility for enforcement of the lottery laws as well as for enforcement of
13	the alcoholic beverage control laws and Article 5 of Chapter 90 of the General Statutes.
14	A lottery law enforcement agent, however, may perform any law enforcement duty
15	assigned by the Secretary of Crime Control and Public Safety or the Governor.
16	(c) Territorial Jurisdiction. – A lottery law enforcement agent is a State officer
17	with jurisdiction throughout the State.
18	(d) Service of Commission Orders. – A lottery law enforcement agent may serve
19	and execute notices, orders, or demands issued by the Commission for the surrender of
20	permits or relating to any administrative proceeding. While serving and executing a
21	notice, order, or demand, a lottery law enforcement agent has the same power and
22	authority that a law enforcement officer has when executing an arrest warrant.
23	" <u>Article 2.</u>
24	"Commission, Director, and Staff.
25	" <u>§ 143D-10. Creation, membership, and organization of Commission.</u>
26	(a) <u>Creation. – The State Lottery Commission is established. The Commission is</u>
27	located for administrative purposes in the Department of Commerce but exercises its
28	powers independently of that Department.
29 20	(b) Membership. – The Commission consists of five members appointed by the
30	Governor, subject to confirmation by the General Assembly by joint resolution. The
31	Governor shall submit the name of an appointee to the General Assembly by May 1 of
32 33	Also see a la subjet de come ef de come inter is te besin. Es la Comenciation en de 11 hand
11	the year in which the term of the appointee is to begin. Each Commissioner shall be a
	resident of a different State region, as set out in subsection (i) of this section. A person
34	resident of a different State region, as set out in subsection (i) of this section. A person who has been convicted of a felony may not serve as a Commissioner, and no more than
34 35	resident of a different State region, as set out in subsection (i) of this section. A person who has been convicted of a felony may not serve as a Commissioner, and no more than three members of the same political party may serve as Commissioners at the same
34 35 36	resident of a different State region, as set out in subsection (i) of this section. A person who has been convicted of a felony may not serve as a Commissioner, and no more than three members of the same political party may serve as Commissioners at the same time.
34 35 36 37	resident of a different State region, as set out in subsection (i) of this section. A person who has been convicted of a felony may not serve as a Commissioner, and no more than three members of the same political party may serve as Commissioners at the same time. (c) Terms. – Except for the terms of the initial Commissioners, the term of a
34 35 36 37 38	resident of a different State region, as set out in subsection (i) of this section. A person who has been convicted of a felony may not serve as a Commissioner, and no more than three members of the same political party may serve as Commissioners at the same time. (c) Terms. – Except for the terms of the initial Commissioners, the term of a Commissioner is for five years and begins on July 1. The term of one of the initial
34 35 36 37 38 39	resident of a different State region, as set out in subsection (i) of this section. A person who has been convicted of a felony may not serve as a Commissioner, and no more than three members of the same political party may serve as Commissioners at the same time. (c) Terms. – Except for the terms of the initial Commissioners, the term of a Commissioner is for five years and begins on July 1. The term of one of the initial Commissioners confirmed by the General Assembly ends June 30 one year from the
34 35 36 37 38 39 40	resident of a different State region, as set out in subsection (i) of this section. A person who has been convicted of a felony may not serve as a Commissioner, and no more than three members of the same political party may serve as Commissioners at the same time. (c) Terms. – Except for the terms of the initial Commissioners, the term of a Commissioner is for five years and begins on July 1. The term of one of the initial Commissioners confirmed by the General Assembly ends June 30 one year from the date of appointment; the term of another ends two years from the date of appointment;
34 35 36 37 38 39 40 41	resident of a different State region, as set out in subsection (i) of this section. A person who has been convicted of a felony may not serve as a Commissioner, and no more than three members of the same political party may serve as Commissioners at the same time. (c) Terms. – Except for the terms of the initial Commissioners, the term of a Commissioner is for five years and begins on July 1. The term of one of the initial Commissioners confirmed by the General Assembly ends June 30 one year from the date of appointment; the term of another ends two years from the date of appointment; the term of another ends three years from the date of appointment; the term of another
34 35 36 37 38 39 40 41 42	resident of a different State region, as set out in subsection (i) of this section. A person who has been convicted of a felony may not serve as a Commissioner, and no more than three members of the same political party may serve as Commissioners at the same time. (c) Terms. – Except for the terms of the initial Commissioners, the term of a Commissioner is for five years and begins on July 1. The term of one of the initial Commissioners confirmed by the General Assembly ends June 30 one year from the date of appointment; the term of another ends two years from the date of appointment; the term of another ends three years from the date of appointment; the term of another ends four years from the date of appointment; and the term of another ends five years
34 35 36 37 38 39 40 41	resident of a different State region, as set out in subsection (i) of this section. A person who has been convicted of a felony may not serve as a Commissioner, and no more than three members of the same political party may serve as Commissioners at the same time. (c) Terms. – Except for the terms of the initial Commissioners, the term of a Commissioner is for five years and begins on July 1. The term of one of the initial Commissioners confirmed by the General Assembly ends June 30 one year from the date of appointment; the term of another ends two years from the date of appointment; the term of another ends three years from the date of appointment; the term of another

1	term ends. A Commissioner continues to serve until the Commissioner's successor takes		
2	office as a Commissioner, but the continuation does not change the date when the term		
3	of the Commissioner's successor ends.		
4	(d) Vacancies. – When a vacancy occurs on the Commission and the General		
5	Assembly is in session, the Governor shall submit to the General Assembly the name of		
6	an appointee to fill the vacancy. The Governor shall submit a name as soon as possible		
7	but no later than three weeks after the vacancy occurs.		
8	When a vacancy occurs on the Commission and the General Assembly is not in		
9	session, the vacated position remains vacant until the General Assembly convenes		
10	unless the Governor considers filling the vacancy urgent. If the Governor finds it urgent		
11	to fill the vacancy, the Governor may appoint a person to serve as a Commissioner on		
12	an interim basis pending confirmation by the General Assembly. When the General		
13	Assembly convenes, it shall consider the confirmation of an interim appointment.		
14	A Commissioner appointed to fill a vacancy serves for the unexpired portion of the		
15	term vacated.		
16	(e) Chair. – When the initial Commissioners are confirmed by the General		
17	Assembly, the Governor shall designate one of the Commissioners as Chair of the		
18	Commission. All Chairs serve three-year terms as Chair that end on June 30. If a Chair		
19	leaves the Commission before completing a three-year term as Chair, the Governor shall		
20	designate another Commissioner as Chair to serve for the remainder of the unexpired		
21	term as Chair.		
22	(f) <u>Compensation. – Each Commissioner receives a per diem allowance for each</u>		
23	day the Commissioner attends a meeting of the Commission, attends a meeting of		
24	another body as a representative of the Commission, is traveling as a representative of		
25	the Commission, or is otherwise acting in the service of the Commission. The amount of		
26	the allowance is the amount a member of the General Assembly receives as a		
27	subsistence allowance under G.S. 120-3.1(a)(3). This allowance is in lieu of amounts		
28	allowed under G.S. 138-5.		
29	(g) Organization. – The Commission shall meet at the call of the Chair or at the		
30	call of a majority of the Commissioners. A majority of the Commissioners is a quorum.		
31	The Commission shall make all its decisions by a majority vote.		
32	(h) Oath. – As an officer of the State, each Commissioner shall take the oath		
33	required by Article VI, § 7 of the North Carolina Constitution.		
34	(i) <u>Regions. – To obtain statewide representation among the membership of the</u>		
35	Commission, the State is divided into the following five regions:		
36	Region Counties in Region		
37	<u>1</u> <u>Avery, Buncombe, Cherokee, Clay, Cleveland, Gaston, Graham,</u>		
38	Haywood, Henderson, Jackson, Lincoln, Macon, Madison,		
39	McDowell, Mecklenburg, Mitchell, Polk, Rutherford, Swain,		
40	Transylvania, and Yancey.		
41	2 <u>Alexander, Alleghany, Ashe, Burke, Cabarrus, Caldwell, Catawba,</u>		
42	Davidson, Davie, Forsyth, Guilford, Iredell, Randolph,		
43	Rockingham, Rowan, Stanly, Stokes, Surry, Yadkin, Watauga, and		
44	Wilkes.		

1	<u>3</u>	Alamance, Anson, Caswell, Chatham, Durham, Hoke, Lee,
2	_	Montgomery, Moore, Orange, Person, Richmond, Scotland, and
3		Union.
4	<u>4</u>	Beaufort, Bertie, Camden, Chowan, Currituck, Dare, Edgecombe,
5	—	Franklin, Gates, Granville, Halifax, Harnett, Hertford, Hyde,
6		Martin, Nash, Northampton, Pasquotank, Perquimans, Pitt, Tyrrell,
7		Vance, Wake, Warren, Washington, and Wilson.
8	<u>5</u>	Bladen, Brunswick, Carteret, Columbus, Craven, Cumberland,
9	—	Duplin, Greene, Johnston, Jones, Lenoir, New Hanover, Onslow,
10		Pamlico, Pender, Robeson, Sampson, and Wayne.
11	"§ 143D-11. G	eneral laws apply to Commission.
12		agency, the general laws that apply to State agencies apply to the
13		hese laws include the following:
14	(1)	Chapter 126 of the General Statutes, the State Personnel Act.
15	$\overline{(2)}$	Chapter 132 of the General Statutes, which governs public access to
16	<u> </u>	records of a State agency.
17	<u>(3)</u>	Articles 3 and 3C of Chapter 143 of the General Statutes, which
18	<u>, - /</u>	govern the purchase of goods and services by a State agency.
19	<u>(4)</u>	Article 33C of Chapter 143 of the General Statutes, which governs
20	<u> </u>	meetings of a State agency.
21	<u>(5)</u>	Chapter 150B of the General Statutes, which governs the adoption of
22	<u></u>	rules by a State agency and the review of certain decisions of a State
23		agency.
24	"§ 143D-12. P	owers and duties of Commission.
25		ers. – The Commission has all powers necessary to perform its duties
26		oter. The Commission may adopt rules to implement this Chapter.
27		es. – The Commission shall:
28	(1)	Establish and operate a lottery in the counties that have approved the
29	<u> </u>	operation of a lottery.
30	(2)	Ensure that the lottery is operated efficiently and honestly.
31	$\overline{(3)}$	Meet with the Director at least monthly to set policy, approve or reject
32	<u>x</u> /	reports of the Director, and transact any other business of the
33		Commission.
34	<u>(4)</u>	Make quarterly and annual reports to the Governor, the Attorney
35	<u> </u>	General, the State Treasurer, and the General Assembly on the
36		operation of the lottery, including full and complete statements of
37		lottery revenues, prize disbursements, expenses, net income, and all
38		other financial transactions involving lottery funds.
39	"§ 143D-13. S	election and compensation of Director.
40		ction. – The office of Director of the Commission is established. The
41		ected by the Commission and serves at the pleasure of the Commission.
42		nall be qualified by training and experience to direct the operations of a
43		on who has been convicted of a felony may not serve as Director. As an

1	officer o	of the S	State, the Director shall take the oath required by Article VI, § 7 of the
2	North Ca	arolina	Constitution.
3	<u>(b)</u>	Com	pensation. – The Director receives the salary set by the Commission. The
4	Director	is rein	hbursed for travel expenses in accordance with G.S. 136-8. The Director
5	is not su	bject to	Chapter 126 of the General Statutes, the State Personnel Act.
6		•	uties and powers of Director.
7	(a)	Gene	eral The Director is the secretary and executive officer of the
8	Commis	sion. 🗌	The Director's position is a full-time position; the Director may not
9	engage i	n any c	ther occupation or profession while serving as Director.
10	<u>(b)</u>	Spec	ific. – The Director shall:
11		<u>(1)</u>	Supervise and administer the operation of the lottery in accordance
12			with this Chapter.
13		(2)	Study the following:
14			a. Lotteries operated by another state or a foreign country.
15			b. Available literature on the subject of lotteries.
16			c. Existing or proposed federal laws that may affect the operation
17			of the lottery.
18			d. The reaction of the citizens of the counties that have approved
19			the operation of a lottery to existing or proposed features in a
20			lottery game.
21			e. <u>The demographic characteristics of the players of lottery games.</u>
22			 <u>e.</u> The demographic characteristics of the players of lottery games. <u>f.</u> The effectiveness of the marketing used on sales of lottery
23			game tickets and shares.
24		(3)	Recommend to the Commission improvements in the lottery based on
25			studies made.
26		<u>(4)</u>	Make and keep books and records that accurately and fairly reflect
27			each day's lottery transactions, including the distribution of lottery
28			game tickets or shares to lottery game retailers, the receipt of funds
29			and prize claims, the amount of prizes paid directly by the
30			Commission, and all other financial transactions involving lottery
31			funds necessary to maintain daily accountability of lottery funds.
32		<u>(5)</u>	Report monthly to the Commission on the amount of revenue
33			generated by the lottery during the preceding month and the amount of
34			expenses incurred by the lottery during the preceding month.
35		<u>(6)</u>	Provide for federal income tax to be withheld from a lottery game
36			prize as required by section 3402 of the Internal Revenue Code.
37		<u>(7)</u>	Provide for State income tax in the amount of seven percent (7%) of a
38			lottery game prize to be withheld from a prize from which federal
39			income tax is required to be withheld.
40		<u>(8)</u>	Report to the Secretary of Revenue the payment of a lottery game
41			prize that shall be reported to the Internal Revenue Service under
42			section 3402 of the Internal Revenue Code.
43		<u>(9)</u>	Perform other duties assigned by the Commission.
44	" <u>§</u> 143D	-15. S	taff.

H3 [Edition 1]

1	The Director may hire professional, clerical, technical, and administrative personnel
2	needed to operate a lottery. The Director may not hire a person who has been convicted
3	of a felony. Before hiring a person, the Director shall investigate the person's
4	background. As a condition of employment, each applicant for employment with the
5	Commission shall sign an authorization allowing the Director to investigate the
6	applicant's background.
7	"§ 143D-16. Assistant directors.
8	The Director shall appoint an assistant director for security and may appoint and
9	establish the duties for up to three additional assistant directors. The Commission
10	determines the compensation of the assistant directors. The Director may designate one
11	of the assistant directors as the deputy director.
12	" <u>§ 143D-17. Assistant director for security.</u>
13	(a) <u>Selection. – The assistant director for security is responsible for a security</u>
14	division. The assistant director for security shall have at least five years' experience in
15	law enforcement, shall have knowledge and experience in computer security, and shall
16	otherwise be qualified by training and experience for the position.
17	(b) Duties. – The assistant director for security shall:
18	(1) Investigate the background of all prospective employees, lottery game
19	retailers, and lottery vendors for major procurements.
20	(2) <u>Recommend procedures to the Director that ensure the security</u> ,
21	honesty, fairness, and integrity of the lottery.
22	(3) <u>Report any alleged violation of law to the appropriate law enforcement</u>
23	(4) <u>authority for further investigation and action.</u>
24 25	(4) <u>Perform other duties assigned by the Director.</u>
23 26	" <u>Article 3.</u> "Lottery Venders and Lottery Contractors
20 27	" <u>Lottery Vendors and Lottery Contractors.</u> "§ 143D-20. Obtaining goods and services.
28	The Commission shall follow the procedures in Articles 3 and 3A of Chapter 143 of
29	the General Statutes when it purchases or leases goods or services needed to conduct the
30	lottery. The Commission may not contract with any private party or other
31	nongovernmental entity for the operation and administration of the lottery, but may
32	enter into a contract with a private party for a major procurement or other procurement
33	that integrates functions such as lottery game design, supply of goods and services, and
34	advertising.
35	"§ 143D-21. Contracts for major procurements.
36	A contract for a major procurement shall be awarded to the responsible lottery
37	vendor who submits the best proposal that maximizes the benefits to the State. A
38	contract for a major procurement may not be awarded to a person who has been
39	convicted of a felony or any gambling offense in any state or federal court of the United
40	States within 10 years of entering into the contract.
41	In choosing among lottery vendors, the State shall take into account the particularly
42	sensitive nature of the lottery and shall consider the competence, quality of product,
43	experience, and timely performance of the lottery vendors in order to promote and
44	ensure security, honesty, fairness, and integrity in the operation and administration of

1	-	maximize the objective of raising revenues. The Commission may
2		ependent firm experienced in evaluating government procurement
3		in evaluating proposals for a major procurement.
4		ntract for a major procurement is awarded, the assistant director for
5	•	onduct a thorough background investigation of all of the following:
6	<u>(1)</u>	Each lottery vendor who submitted a bid, proposal, or offer.
7	<u>(2)</u>	Any parent or subsidiary corporation, if any, of each lottery vendor
8		who submitted a bid, proposal, or offer.
9	<u>(3)</u>	All shareholders who own at least a five percent (5%) interest in each
10		lottery vendor, or parent or subsidiary corporation of each lottery
11		vendor, who submitted a bid, proposal, or offer.
12	<u>(4)</u>	All officers and directors of each lottery vendor or parent or subsidiary
13		corporation of each lottery vendor who submitted a bid, proposal, or
14		offer.
15		ottery vendor disclosures for major procurements.
16	•	ndor who submits a bid, proposal, or offer for a major procurement shall
17		formation required by the State to enable the State to evaluate the
18	-	etence, integrity, background, and character. A lottery vendor shall
19		ssistant director for security any appropriate investigation authorizations
20		tate these evaluations.
21		erformance bond for major procurements.
22		contractor for a major procurement shall, at the time of executing the
23		he Commission, post an appropriate bond or letter of credit with the
24		an amount equal to the full amount estimated to be paid annually to the
25	•	or under the contract. The Commission may decrease the bond or letter
26	•	ement for a major procurement if it determines that the decrease will
27		savings to the lottery while still providing adequate protection against
28	nonperformance	
29 20		a bond or letter of credit, a contractor may, to ensure the faithful
30		its obligations, deposit and maintain with the Commission securities that
31		and that, with the exception of those specified in subdivisions (1) or (2)
32		are rated in one of the four highest classifications by an established
33		nized investment rating service. Securities eligible under this section are
34 35	limited to the fo	
35 36	<u>(1)</u>	<u>Certificates of deposit issued by a bank or savings institution whose</u> principal place of business is located in this State.
30 37	(2)	United States bonds and bills for which the full faith and credit of the
37 38	<u>(2)</u>	
		government of the United States is pledged for the payment of
39 40	(2)	principal and interest.
40 41	<u>(3)</u>	<u>General obligation bonds and notes of any political subdivision of the</u> State.
41 42	(A)	<u>State.</u> Corporate bonds of a corporation that is not an affiliate or subsidiary
42 43	<u>(4)</u>	of the depositor.
4 J		

1	Securities accepted under this section are held in trust and shall have at all times a
2	market value at least equal to the full amount estimated to be paid annually to the
3	contractor under the contract.
4	" <u>Article 4.</u>
5	"Operation of the Lottery.
6	"§ 143D-30. Guiding principles.
7	The Commission shall operate a lottery in the counties that have approved the
8	operation of the lottery in accordance with the following guidelines:
9	(1) It shall operate the lottery so as to maximize lottery revenue to the
10	State.
11	(2) It shall operate the lottery in a manner consistent with the dignity of
12	the State, the general welfare of the people, and effective business
13	practices.
14	"§ 143D-31. Types of lottery games.
15	Upon the recommendation of the Director, the Commission shall determine the types
16	of lottery games offered by the lottery. The games offered may be instant lotteries or
17	online games or other electronic games played on computer terminals or other devices.
18	A lottery game, however, may not do any of the following:
19	(1) Be based on the outcome of a particular sporting event, including a
20	dog race or a horse race.
21	(2) Use tickets or shares that do not have unique numbers distinguishing
22	them from every other ticket or share in that lottery game.
23	(3) Use tickets or shares that include the name or photograph of an elected
24	<u>official.</u>
25	(4) If the game uses a computer terminal or other electronic device,
26	dispense coins or currency from the device.
27	" <u>§ 143D-32.</u> Sales price and distribution of tickets and shares.
28	(a) <u>Price. – Upon the recommendation of the Director, the Commission shall set</u>
29	the retail sales price for each ticket or share for each lottery game. The retail sales price
30	for each ticket or share for a lottery game shall be the same in each county in which the
31	lottery is operated.
32	The Commission may not set the retail sales price of a lottery game ticket or share at
33	less than fifty cents $(50¢)$. The Commission may, however, authorize a discount for
34	purchases of multiple tickets or shares.
35	(b) Distribution. – Upon the recommendation of the Director, the Commission
36	shall specify the manner of distributing lottery game tickets. The Commission may
37	distribute the tickets or shares directly to the public or to lottery game retailers for
38	distribution to the public.
39	(c) <u>Restrictions. – Distribution of a lottery game ticket or share is subject to all of</u>
40	the following restrictions:
41	(1) It may not be sold or given to any of the following:
42	<u>a.</u> <u>A person who is less than 18 years old.</u>
43	b. <u>A Commissioner, the Director, or an employee of the</u>
44	Commission.

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		 <u>A lottery game contractor or an officer o</u> game contractor whose contract concerns <u>A spouse, parent, or child living in the</u> person disqualified by subparts b. or c. of 	a major procurement. e same household as a
	<u>(2)</u>	<u>It may not be sold for a price that is higher that</u> the Commission.	
	<u>(3)</u>	It may not be given as a premium or an enticem of an item or a product.	ent to promote the sale
" <u>§ 143D</u>	-33. N	umber and value of prizes.	
(a)		e. – Upon the recommendation of the Director,	the Commission shall
determin		number and value of prizes for winning tickets or	
		may be a cash prize paid in a lump sum, in defer	-
annuity,	a mere	chandise prize, or a prize of a ticket or share in th	e same lottery game or
another l	ottery	game.	
<u>(b)</u>		Percentage As nearly as practical, the Comm	
least fift	y perc	ent (50%) of the total projected annual revenue f	from the sale of lottery
		es for each particular lottery game for the payn	-
		The Commission may allocate a larger percentage	
		from a lottery game to prizes if it concludes the	
evenue		ne lottery game will be enhanced by that higher pri	ize percentage.
<u>(c)</u>		s. – The following requirements apply:	
	<u>(1)</u>	In lottery games using tickets with preprinted	
		estimated odds of winning prizes shall be printed	
	<u>(2)</u>	A detailed tabulation of the estimated numb	-
		particular prize denomination that are expected	
		lottery game, or the estimated odds of winning	
		available from the Commission when the lotte	ry game is offered for
	(2)	sale to the public.	······································
	<u>(3)</u>	All printed or point-of-sale advertising promot	•
		tickets for a particular game shall include the ad	ctual of estimated odds
"8 1/2D	21 N	of winning that game. Iethod of determining winners.	
<u>(a)</u>		od. – Upon the recommendation of the Director,	the Commission shall
		thod for determining winners in each lottery ga	
		ed to the same prize, each person shall receive a pr	
prize.		sa to the same prize, each person shan receive a pr	toportional share of the
(b)	Drav	vings. – If a lottery game uses a drawing of winni	ng numbers a drawing
		or a drawing among finalists to determine the wi	•
-		l of the following requirements:	inter, the drawing shan
- ompiy	<u>(1)</u>	It shall be open to the public.	
	(1) (2)	It shall be witnessed by an independent certified	public accountant.
	$\frac{(2)}{(3)}$	Any equipment used in the drawing shall be insp	*
	<u>\-</u> /	after the drawing, by an independent certified pu	-
		employee of the Commission.	

1	
1	(4) It and any inspection of equipment used in it shall be recorded on both
2 3	video and audio tape.
3 4	" <u>§ 143D-35. Payment of prizes.</u> (a) Procedures. – Upon the recommendation of the Director, the Commission
4 5	(a) <u>Procedures. – Upon the recommendation of the Director, the Commission</u> <u>shall establish procedures for verifying the validity of a lottery game ticket or share</u>
5 6	presented as the winner of a prize and for paying prizes won in a lottery game. The
7	<u>Commission may authorize lottery game retailers to pay some prizes at their premises</u>
8	and may require prizes to be paid only by the Commission.
9	(b) Restrictions. – The right of a person to a prize is not assignable. A prize may
10	be paid to the estate of a deceased prize winner, however, or to a person designated
11	pursuant to a judicial order. A lottery game prize may not be paid to a person:
12	(1) To whom a lottery game ticket or share cannot be sold or given, as
13	listed in G.S. 143D-32.
14	(2) Who presents a lottery game ticket or share that is stolen, counterfeit,
15	altered, fraudulent, unissued, produced or issued in error, unreadable,
16	not presented by the applicable deadline, or lacking in captions that
17	conform with the lottery play symbols for the lottery game involved,
18	or does not otherwise comply with any applicable requirements.
19	(c) <u>Time. – The holder of a lottery game ticket or share may claim a prize won</u>
20	by the ticket or share for 180 days after the drawing or the end of the lottery game in
21	which the prize was won. The Commission may set a shorter time period for eligibility
22	for entry into a drawing for entries or finalists. The Commission may set a different time
23	period for a lottery game that involves a lottery in another state.
24	(d) <u>Unclaimed Prizes. – A prize that is not claimed within the time limit may not</u>
25	be claimed after the time limit expires. The value of all unclaimed prizes shall be
26	credited to the Lottery Fund established in Article 6 of this Chapter.
27	(e) Information. – At the end of the time period for claiming prizes for each
28	lottery game, the Commission shall prepare a detailed statement of the total number of
29	prizes of each prize denomination, claimed and paid directly by the Commission. The
30	Commission shall make this statement available at its office and from lottery game
31	retailers.
32	" <u>§ 143D-36. Player agreement.</u>
33	By purchasing a ticket or share in a lottery game, a player agrees to be bound by the
34	lottery game's play rules. In particular, the purchaser of a ticket or share acknowledges
35	that the determination of whether the purchaser is a winner is subject to the game play
36	rules and the winner validation procedures for the lottery game.
37	" <u>§ 143D-37. Audits.</u>
38	(a) <u>State Auditor. – The State Auditor shall conduct semiannual and annual</u>
39	audits of all accounts and transactions of the Commission and shall conduct any other
40	special audits considered necessary. The State Auditor may examine any records of the
41	Commission. The State Auditor may examine the records of the following that are
42	relevant to the State lottery:
43	$(1) \qquad \underline{\text{A lottery game retailer.}} \\ (2) \qquad \underline{\text{A lottery game contractor who has a contract for a major procurement}}$
44	(2) <u>A lottery game contractor who has a contract for a major procurement.</u>

1	(b) Independent. – Every two years, the Commission shall engage an independent
2	firm experienced in security procedures to study all aspects of security in the operation
3	of the lottery. As part of the study, the independent firm shall identify any practices that
4	could be improved and describe how a practice identified as needing improvement
5	should be changed. The portion of the security audit report containing the overall
6	evaluation of each aspect of security in the operation of the lottery shall be presented to
7	the Commission, to the Governor, and to the General Assembly. The portion of the
8	security audit report identifying specific practices that need to be changed and
9	describing how they should be changed is confidential and may be presented only to the
10	assistant director for security, the Director, and the Commission.
11	" <u>§ 143D-38. Expenses and expense restriction.</u>
12	All expenses incurred by a State agency in performing duties related to the State
13	lottery are expenses of the lottery and shall be charged to the lottery. The Commission
14	may not spend more than sixteen percent (16%) of the total annual revenues accruing
15	from the sale of all lottery game tickets and shares from all lottery games for expenses
16	of the lottery.
17	" <u>§ 143D-39. No financial interest in certain persons allowed and no bribes or gifts</u>
18	from certain persons allowed.
19	(a) <u>Prohibition. – A Commissioner, the Director, or an employee of the</u>
20	Commission may not:
21	(1) Have a financial interest in a lottery contractor.
22	(2) Solicit, accept, or agree to accept anything from any of the following:
23	<u>a.</u> <u>A lottery contractor.</u>
24	b. <u>A lottery vendor.</u>
25	c. <u>A person who could reasonably be expected to submit a bid to</u>
26	provide goods or services to the Commission.
27	(b) Punishment. – Violation of this section is a Class I felony. A person
28	convicted of violating this section shall be removed from office or employment with the
29	State.
30	" <u>Article 5.</u>
31	"Lottery Game Retailers.
32	" <u>§ 143D-45. Permit required; qualifications for permit.</u>
33	(a) <u>Requirement. – To sell lottery game tickets or shares to the public, a person</u>
34	other than a unit of State or local government shall obtain a permit from the
35	Commission. A lottery game retailer permit authorizes the holder to sell lottery game
36	tickets or shares to the public at the retail business named in the permit. The
37	Commission may authorize units of State or local government to sell lottery game
38	tickets or shares to the public at designated locations. The Commission may not,
39	however, allow an ABC store to sell lottery game tickets or shares.
40	(b) Qualifications. – To be eligible for a lottery game retailer permit, a person
41	shall meet all of the following requirements:
42	(1) Be at least 21 years old.

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1	(2)	Be engaged in a retail business at an established loca	tion in this State
2	<u>_/</u>	from which the person intends to sell lottery game tic	
3		addition to conducting the existing retail business.	
4	<u>(3)</u>	Be a resident of North Carolina unless either of the fol	lowing applies:
5	<u>, , , , , , , , , , , , , , , , , , , </u>	a. The person is an officer, a director, or a s	• • •
6		corporate applicant and is not a manager or	
7		responsible for the day-to-day operation of the	
8		b. The person has executed a power of attorned	
9		qualified resident of this State to serve as att	
10		the purposes of receiving service of process a	-
11		business for which the permit is sought.	
12	<u>(4)</u>	Not have been convicted of a felony or a misden	neanor gambling
13		offense within the last 10 years.	
14	<u>(5)</u>	Not have had a permit issued under this section revok	ed within the last
15		<u>10 years.</u>	
16	(c) Conv	viction Defined For purposes of this section, a	'conviction' is a
17	judgment again	ist a person that includes a finding of guilt or an entry o	f a plea of guilty
18	or nolo conten	dere. A felony conviction in another jurisdiction disq	ualifies a person
19	. .	gible to receive or hold a lottery game retailer permit	
20		l also constitute a felony in North Carolina. A	
21		ambling offense in another jurisdiction disqualifies a po-	
22	-	ive or hold a lottery game retailer permit if the person	
23		ffense in North Carolina, unless the Commission deter	
24		a procedure judgment would not have been entered	
25		Revocation of a similar permit or authority to sell	-
26	•	ction disqualifies a person if the person's conduct woul	<u>d be grounds for</u>
27	revocation in N		
28		Shall Qualify. – For a lottery game retailer permit to	
29 20		ness, each of the following persons associated with th	at business shall
30		ubsection (b) of this section:	
31 32	$\frac{(1)}{(2)}$	The owner of a sole proprietorship.	rtnorshin
32 33	$\frac{(2)}{(3)}$	Each member of a firm, an association, or a general pa Each general partner in a limited partnership.	<u>utilersnip.</u>
33 34	$\frac{(5)}{(4)}$	Each officer, director, and owner of more than ten j	percent (10%) of
34 35	<u>(4)</u>	the stock of a corporation, except that the age	
36		subdivision (b)(1) of this section does not apply to a	-
30 37		is not a manager of or is not otherwise responsible for	
38		operation of the applicant's retail business.	on the day to day
39	<u>(5)</u>	The manager of a retail business operated by a corpora	ation
40	$\frac{(5)}{(6)}$	Any manager who has been empowered as attorn	
41	<u>, /</u>	nonresident individual or partnership.	<u></u>
42	"§ 143D-46. Is	ssuance of lottery game retailer permit.	
43		prs. – Before issuing a lottery game retailer permit, the C	Commission shall
44		at the applicant is a suitable person to hold the per	

1	applicant's retai	I business is a suitable place to sell lottery game tickets and shares. The
2	Commission ma	ay consider any of the following factors in making its decision:
3	<u>(1)</u>	The reputation, character, and criminal record of the applicant.
4	<u>(2)</u>	The number of places already holding lottery game retailer permits in
5		the neighborhood.
6	<u>(3)</u>	The convenience of the applicant's retail business to the public,
7		including available parking and the traffic conditions in the
8		neighborhood.
9	<u>(4)</u>	The financial responsibility of the applicant.
10	<u>(5)</u>	The volume of lottery game tickets and shares the applicant expects to
11		<u>sell.</u>
12	<u>(6)</u>	Any other information that would tend to show whether the applicant
13		would comply with the lottery laws.
14	<u>(b)</u> <u>Com</u>	mission's Authority The Commission has the sole power, in its
15	discretion, to d	etermine the suitability and qualifications of an applicant for a lottery
16	game retailer pe	ermit.
17	" <u>§ 143D-47. A</u>	pplication for permit; fees.
18	(a) Form	<u>An application for a lottery game retailer permit shall be on a form</u>
19	prescribed by t	he Commission and shall be notarized. The application shall be signed
20	and sworn to by	v each person required to qualify under G.S. 143D-45(d).
21	(b) Inves	stigation. – Before issuing a new permit, the Commission shall
22	investigate the	applicant and the applicant's retail business. An applicant shall cooperate
23	fully with the ir	nvestigation.
24		– An application for a lottery game retailer permit shall be accompanied
25		tion fee, if any, set by the Commission. An application fee is not
26	<u>refundable.</u>	
27		ompensation for lottery game retailers.
28		unt. – Upon the recommendation of the Director, the Commission shall
29		ompensation to be paid to lottery game retailers for their sales of lottery
30		or shares. Until the Commission establishes a different amount of
31		the Commission shall pay each lottery game retailer six percent (6%) of
32		of the tickets or shares sold by the retailer plus an incentive bonus of one
33		f the amount sold above a specified sales volume or the attainment of
34		ve specified by the Commission.
35		et on Lease or Rental Agreement If a lease or rental agreement made
36		me retailer is based on a percentage of the retailer's retail sales, the
37		of lottery game tickets or shares may not be counted in computing the
38		e under the agreement unless the agreement explicitly includes these
39		ely, a lease or rental agreement based on a percentage of sales includes
40		compensation paid to a lottery game retailer under subsection (a) of this
41		he agreement specifically excludes these payments.
42		uration and transfer of permit.
43		tion. – A lottery game retailer permit is valid until it is surrendered,
44	suspended, or re	evoked.

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1	(b) Change in Ownership. – A lottery game retailer permit for a retail business
2	automatically expires and shall be surrendered to the Commission if any of the
3	following occurs:
4	(1) Ownership of the retail business changes.
5	(2) There is a change in the membership of the firm, association, or
6	partnership owning the retail business, and the change involves the
7	acquisition of a ten percent (10%) or greater share in the firm,
8	association, or partnership by someone who did not previously own a
9	ten percent (10%) or greater share.
10	(3) Ten percent (10%) or more of the stock of the corporate permit holder
11	owning the retail business is acquired by someone who did not
12	previously own ten percent (10%) or more of the stock.
13	(c) Change in Management. – A corporation holding a lottery game retailer
14	permit for a retail business for which the manager is required to qualify as an applicant
15	under G.S. 143D-45(d) shall, within 30 days after employing a new manager, submit to
16	the Commission an application for substitution of a manager. The application shall be
17	signed by the new manager, shall be on a form provided by the Commission, and shall
18	be accompanied by a fee of ten dollars (\$10.00). The fee is not refundable.
19	(d) Transfer. – A lottery game retailer permit may not be transferred from one
20	person to another or from one location to another.
21	(e) Lost Permit. – The Commission may issue a duplicate lottery game retailer
22	permit for a retail business when the permit issued has been lost or damaged. A request
23	for a duplicate permit shall be on a form provided by the Commission, certified by the
24	lottery game retailer whose permit is lost or damaged, and accompanied by a fee of ten
25	<u>dollars (\$10.00).</u>
26	(f) Name Change. – The Commission may issue a new lottery game retailer
27	permit for a retail business when the name of the retail business changes. A request for a
28	new permit shall be on a form provided by the Commission, certified by the lottery
29	game retailer whose business name has changed, and accompanied by a fee of ten
30	<u>dollars (\$10.00).</u>
31	" <u>§ 143D-50. Denial, suspension, or revocation of a lottery game retailer permit.</u>
32	(a) <u>The Commission may deny, suspend, or revoke a lottery game retailer permit</u>
33	for any of the following reasons:
34	(1) Knowingly making a false statement on an application for a lottery
35	game retailer permit.
36	(2) Failing to keep records as required by the Commission.
37	(3) Failing to account for lottery game tickets or shares received or the
38	proceeds from the sale of the tickets or shares.
39	(4) Failing to file a bond required by the Commission.
40	(5) Failing to comply with the rules of the Commission concerning the
41	payment of prizes or other matters.
42 42	(6) <u>Conviction of an offense that would make an applicant ineligible to</u>
43	<u>receive a permit.</u>

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1	<u>(7)</u>	Making misrepresentations concerning a lottery g	ame or doing other
2	<u></u>	acts that create a lack of public confidence in the lo	-
	<u>(8)</u>	Failing to sell enough lottery game tickets or	-
		Commission's projected sales volume.	
	<u>(9)</u>	A change in circumstances that makes the retail b	usiness for which a
		permit has been issued no longer suitable to hold a	
	" <u>§ 143D-51. Re</u>	cords, payments, and bonds of lottery game retai	lers.
	(a) Record	ds A lottery game retailer shall keep books and	d records of lottery
		shares received, lottery game tickets or shares sol	
	prizewinners and	d prize payments as required by the Commission	on. The books and
	records of a lott	ery game retailer are subject to inspection by the	Commission during
	business hours of	f the retail business.	
	(b) Bonds	The Commission may require a lottery game ret	ailer to give a bond
	in an amount se	t by the Commission. The bond shall be in the for	rm specified by the
	Commission, sha	all be conditioned on the lottery game retailer's c	ompliance with the
	lottery laws, and	shall be payable to the State.	
	(c) <u>Remit</u>	ance A lottery game retailer shall periodically re	port and send to the
	Commission the	amount of revenue received by the retailer from sa	ales of lottery game
	tickets or share	s, less the amount of prizes paid by the retaile	r and the retailer's
	compensation for	r making the sales. The Commission shall estable	ish the periods and
	methods for repo	rting revenue under this section.	
	" <u>§ 143D-52. Mi</u>	scellaneous provisions concerning lottery game re	etailer permits.
	(a) Postin	g Permit. – The holder of a lottery game retailer p	ermit shall post the
	permit in a prom	inent place at the retail business named in the permi	<u>t.</u>
	(b) Notice	of Issuance When the Commission issues a lo	ottery game retailer
	permit, it shall	notify the following people of the issuance and	give the name and
	address of the ret	ail business for which the permit was issued:	
	<u>(1)</u>	The governing body and sheriff of the county	in which the retail
		business is located.	
	<u>(2)</u>	If the retail business is located inside a city, the g	governing body and
		the chief of police of the city.	
		" <u>Article 6.</u>	
		" <u>Use of Lottery Proceeds.</u>	
	" <u>§ 143D-55. Lo</u>		
		Fund is established as a proprietary fund within the	
	· · · · · · · · · · · · · · · · · · ·	counts for all revenues and expenses of the lottery	
		ne earned by the Lottery Fund accrue to the Lottery	
		ously appropriated to the Commission to prov	vide funds for the
		the operation of the lottery.	
		tribution of lottery proceeds.	
		sion shall distribute the net proceeds of the lottery of	on a quarterly basis.
		all be distributed in the following manner:	
	<u>(1)</u>	Twenty-five percent (25%) of the net proceeds sh	
		the counties in which the lottery is operated on the	basis of the ratio of

1	
1	the sales of lottery tickets in that county to the total sales of lottery
2	tickets in all counties in which the lottery is operated.
3	(2) <u>The remaining net proceeds shall be appropriated by the General</u>
4	Assembly to establish or enhance education programs, including, but
5	not limited to, a voluntary statewide prekindergarten program to
6	prepare at-risk four-year-olds for school in order to close the
7	achievement gap that now exists; enhanced technology programs and
8	infrastructure; programs to reduce class sizes in the public schools; and
9	programs to provide more one-on-one instruction to allow teachers to
10	teach and children to learn so that more children will stay in school,
11	graduate, and go on to college.
12	Revenue distributed to a county under subdivision (1) of this section shall be used
13	for school construction.
14	Revenue distributed pursuant to this section shall be used to supplement and not
15	supplant funds regularly appropriated by the General Assembly for these purposes."
16	SECTION 2. Studies. (a) Demographics. – After the first 12 months of
17	sales in at least 25 counties of both instant winner and online lottery game tickets or
18	shares to the public, the Commission shall engage an independent firm experienced in
19	demographic analysis to conduct a special study to determine the demographic
20	characteristics of the players of each lottery game, including their income, age, sex,
21	education, and frequency of participation. When completed, the study shall be presented
22	to the Governor, the Lieutenant Governor, the President Pro Tempore of the Senate, and
23	the Speaker of the House of Representatives.
24	(b) Effectiveness. – After the first 12 months of sales in at least 25 counties of
25	both instant winner and online lottery game tickets or shares to the public, the
26	Commission shall engage an independent firm experienced in the analysis of
27	advertising, promotion, public relations, and other aspects of communications to
28	conduct a special study of the effectiveness of the communications activities undertaken
29	by the Commission and to make recommendations to the Commission on the future
30	conduct of and the future rate of expenditures for these activities. When completed, the
31	study shall be presented to the Governor, the Lieutenant Governor, the President Pro
32	Tempore of the Senate, and the Speaker of the House of Representatives.
33	SECTION 3. To provide for the start-up costs of the State lottery, the State
34	Lottery Commission shall estimate the initial working capital needed and submit the
35	estimate to the Office of State Budget and Management for approval. If the Office of
36	State Budget and Management and the State Treasurer approve the amount, the State
37	Controller shall advance the approved amount by internal borrowing from other
38	available State funds. The terms and conditions of the temporary loan or loans shall be
39	determined by the State Treasurer.
40	SECTION 4. G.S. 120-123 is amended by adding a new subdivision to read:
41	"(78) The State Lottery Commission, established by G.S. 143D-2."
42	SECTION 5. G.S. 150B-2(8a) is amended by adding a new sub-subdivision
43	to read:
44	" <u>l.</u> <u>Procedures and instructions for playing a lottery game.</u> "
	<u>in a roceanes and instructions for playing a fottery guile.</u>

1 **SECTION 6.** The limitation in G.S. 143D-38, as enacted by this act, on the 2 amount of revenue that may be spent on expenses of the State lottery does not apply to 3 the first 12 months in which the lottery is operated. The State Lottery Commission, 4 however, shall keep the expenses of the State lottery as low as practical.

5 **SECTION 7.** When the voters of 25 counties approve the operation of a 6 lottery in those counties, the Governor shall appoint five State Lottery Commissioners 7 within 30 days after the results of the twenty-fifth election are certified. Appointments 8 shall be made in accordance with G.S. 143D-10(i), as enacted by this act. The 9 appointees are subject to confirmation by the General Assembly when it convenes. The 10 interim appointees shall begin operation of lottery games as soon as practical.

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SECTION 8. This act is effective when it becomes law.