

January 27, 2004

H 3. LOCAL OPTION EDUCATION LOTTERY. GIVING COUNTIES THE AUTHORITY TO ALLOW THE OPERATION OF A LOTTERY IN THAT COUNTY, TO PROVIDE FOR STATE REGULATION OF LOCALLY APPROVED LOTTERY OPERATIONS, AND TO DISTRIBUTE TO EACH COUNTY AND THE CITIES LOCATED IN THE COUNTY TWENTY-FIVE PERCENT OF THE NET PROCEEDS OF LOTTERY OPERATIONS TO THE COUNTIES FOR SCHOOL CONSTRUCTION AND TO USE ADDITIONAL FUNDS TO IMPLEMENT AND ENHANCE EDUCATIONAL PROGRAMS. Enacts new Ch. 143D as title indicates, as follows. Article 1. Authorizes the voters of each county to vote on the operation of lottery in their county and establishes procedures for elections to approve and to repeal lottery. Provides that if voters do not approve lottery, question may not be posed to voters until five years after that election. Requires that Comm'n operate lottery in counties that vote in favor of lottery upon approval of lottery by 25 counties. Prohibits local governments from regulating or taxing lottery. Makes selling lottery tickets to person under 18 years old, selling lottery tickets for other than retail price or without a license, and knowingly giving false information on a retailer permit application a Class 1 misdemeanor and authorizes Sec'y of Crime Control and Public Safety to appoint lottery law enforcements agents to enforce those provisions. Article 2. Creates five-member State Lottery Comm'n to be appointed by Governor from five state regions upon lottery approval by at least 25 counties. Requires that Comm'n appoint a Director, who, along with the Comm'n, will oversee county lottery operations. Delineates additional powers and duties of Director and authorizes Director to hire additional personnel. Article 3. Requires that Comm'n follow State purchasing laws and sets forth procedures for major procurements, including a prohibition against awarding a major procurement to any person convicted of a felony or gambling offense within 10 years of contract, and a requirement that background checks be conducted on lottery vendors and that performance bonds be posted. Article 4. Prohibits the operation of certain lotteries including those based on the outcome of a particular sporting event or that use tickets that include the name or photograph of an elected official. Requires that retail price of ticket established by Comm'n be no less than 50 cents and that Comm'n try to allocate at least 50% of lottery revenues for prizes. Further establishes guidelines for the method for determining winners and payment of prizes. Prohibits Comm'n from spending more than 16% of total lottery revenues for lottery expenses, except for the first year of operation. Article 5. Requires that all ticket retailers obtain permits. Establishes qualifications for permits and grounds for revocation of permits and provides that until Comm'n adopts compensation guidelines, retailers shall be paid 6% of the retail price of tickets or shares sold plus an incentive bonus of 1% for attaining certain sales objectives. Article 6. Provides that 25% of net lottery proceeds shall be distributed to counties based upon the proportion of tickets sold in that county, to be used for school construction, and that the balance shall be appropriated by the General Assembly to establish or enhance education programs. Sec. 2 requires that Comm'n hire outside contractors to study demographics of lottery players and promotion of lottery after participation by at least 25 counties for at least 12 months. Makes technical changes.

Intro. by Owens.

Ref. to Rules

GS 120, 143D (NEW), 150B, STUDY