

February 17, 2009

H 205. LOTTERY ACT CHANGES. Filed 2/17/09. *TO MAKE VARIOUS CHANGES TO THE NORTH CAROLINA STATE LOTTERY ACT.*

Amends GS 18C-114(a) (Powers and Duties of the State Lottery Commission), the title of Article 6 of GS 18C (Lottery *Potential Contractors* and Lottery Contractors), GS 18C-151 (Contracts), GS 18C-152 (Investigation of lottery *potential contractors*), and GS 18C-120(b) (powers and duties of the State Lottery Director) by replacing the term *vendor* with *potential contractor* where applicable.

Amends GS 18C-103 by (1) deleting the definition for *vendor* or *lottery vendor*, (2) adding definitions for *lottery supplier* and *potential contractor*, and (3) clarifying that a *lottery contractor* means a person other than a lottery retailer with whom the State Lottery Commission (Commission) has contracted with to provide goods and services to the Commission *on an ongoing basis*.

Amends GS 18C-114(a) to (1) add that *lottery contractors*, in addition to *potential contractors*, be charged a fee not to exceed the cost of a criminal record check and (2) to add that Commission employees are prohibited from representing *lottery contractors*, in addition to *potential contractors* and retailers, for one year after termination of employment with the Commission.

Amends GS 18C-151 by adding to the requirements for awarding a contract by the Commission for the purchase of services, apparatus, supplies, materials, or requiring an estimated aggregate expenditure of \$90,000 or more that a competitive bid is *not* required only when (1) performance or price competition for a product are not available, (2) a needed product is only available from one supply source, or (3) standardization or compatibility is the overriding consideration. Makes a clarifying change to GS 18C-151(c). Adds that a *contractor*, in addition to *potential contractors*, is prohibited from paying, giving, or making any economic opportunity, gift, loan, gratuity, special discount, favor, hospitality, or service, excluding food and beverages having an aggregate value of more than \$100 in a calendar year to the State Lottery Director (Director), any member or employee of the corporation, or a member of the immediate family residing in the same household as any of these individuals.

Enacts a new GS 18C-113(d) to limit the information in the public record concerning a lottery winner to the following: (1) name, (2) city and state of residence, (3) game played, (4) amount won, and (5) date won.

Amends GS 18C-132(h) to specify that any prize or *portion of a prize remaining unpaid at the prize winner's death* is required to be paid to the winner's estate *or to the trustee of a trust established by the winner or as designated in the deceased winner's will, living trust, or other prepared legal instrument if a copy has been filed with the lottery and no written notice of revocation has been received by the lottery prior to death*.

Amends GS 18C-132(a) by adding that a drawing among entries includes second chance drawings where the value of the prize is \$5,000 or more. Adds to the list of conditions for certain types of lottery drawings that a drawing may be witnessed *by an auditor employed by a certified public accounting firm* or an independent certified public accountant for that condition to be met. Exempts a lottery game using drawing among entries for (1) a second chance drawing or (2) any other promotion conducted by the lottery, where the value of the prize is less than \$5,000 in value from certain conditions, except that the drawing must be open to the public.

Amends GS 18C-134(b) to provide that a claimant agency is automatically enrolled in the Commission's debt set-off program if it is enrolled in the Department of Revenue (Department) debt set-off program (was, that the agency must notify and provide certain information to the Commission if attempting to collect a debt through setoff). Requires that the Department, on a periodic basis, provide the Commission all updates to its debt set-off program as soon as practicable. Makes a conforming change to GS 18C-134(e).

Amends GS 18C-142 to change the compensation paid to lottery game retailers for the sales of lottery tickets or shares to 7% of the face value (was, retail price) of the tickets or shares sold for each lottery game. Amends GS 18C-162(a)(4) to modify the guidelines in allocating revenues to the State Lottery Fund by prohibiting more than 7% of the face value of tickets or shares (was, total annual revenues) as compensation paid to lottery game retailers. Amends GS 18C-143 to provide that all lottery proceeds minus the applicable retailer commissions are to be held in trust

by lottery retailers until they are received by the Commission. Creates a fiduciary duty for lottery retailers to preserve and account for lottery proceeds including any unsold tickets. Amends GS 18C-141(a) by requiring that documents compiled by the Director in conducting investigations of lottery retailers remain confidential.

Enacts a new GS 18C-122.1 to provide that internal audit working papers of the Commission are confidential, except that the audit reports are public record to the extent they do not (1) include information confidential and exempt under GS Chapter 132 or (2) compromise the lottery security systems.

Amends GS 18C-122 to change the frequency of independent audits on the security in the operation of the Commission and the Lottery to biennially (was, the beginning of each calendar year) and changes the independent auditing of the operation of the Lottery to every fourth year (was, biennially at the end of the fiscal year).

Intro. by Owens.

GS 18C

February 25, 2009

H 205. LOTTERY ACT CHANGES. Filed 2/17/09. House committee substitute makes the following changes to 1st edition. Amends GS 18C-151(a)(8) and (b) by clarifying that the Lottery Commission may award contracts to the lottery supplier, as well as the potential contractor, who has submitted the best proposal. Makes a clarifying change to GS 18C-151(f) by adding that a *lottery supplier*, in addition to *contractors* and *potential contractors*, is prohibited from paying, giving, or making any economic opportunity, gift, loan, gratuity, special discount, favor, hospitality, or service, excluding food and beverages having an aggregate value of more than \$100 in a calendar year, to the State Lottery Director (Director), any member or employee of the corporation, or a member of the immediate family residing in the same household as any of these individuals. Amends proposed new subsection (d) to GS 18C-113 by clarifying that public information about the amount won means the nominal prize amount, the cash payment if different from the nominal prize amount, and the cash payment after taxes are withheld. Amends GS 18C-113(b)(4) by clarifying that the Lottery Director shall have the power to enter into contracts with lottery suppliers, as well as lottery retailers and contractors. Deletes sections 13, 14, and 15 of the 1st edition which amended GS 18C-151(a) by adding a new subsection (7a) setting forth conditions under which a competitive bid would not be required, GS 18C-151(c) by making clarifying changes to the provisions on background investigations of contractors, and GS 18C-151(f) by making clarifying changes on the receipt of gifts. Deletes section 19 of the 1st edition, which would have enacted a new GS 18C-122.1 to provide that internal audit working papers of the Commission are confidential with certain specified exceptions. Also makes a technical change to the proposed amendment of GS 18C-132(a) on second-chance drawings and other lottery promotions.

April 22, 2009

H 205. LOTTERY ACT CHANGES. Filed 2/17/09. House committee substitute makes the following changes to 2nd edition.

Amends GS 18C-132(h) to specify that any prize or portion of a prize remaining unpaid at the prize winner's death is required to be paid to the winner's estate or to the trustee of a trust established by the winner or as designated in the deceased winner's will, living trust, or other prepared legal instrument if a copy has been filed with the Director (was, lottery) and no written notice of revocation has been received by the Director (was, lottery) prior to death.

Deletes amendment to GS 18C-141(a) providing that documents compiled by the Director in conducting investigations of lottery retailers are confidential.

Amends GS 18C-122 to clarify that the independent audit of the operation of the Lottery is to take place every fourth year beginning in 2010, (was, every fourth year) and that the independent audit of the operation of the Lottery is in addition to the annual audit by the State Auditor required under GS 18C-116 and the biennial independent audit on the security in the operation of the Commission as provided in amended subsection (a) of GS 18C-122.

April 28, 2009

H 205. LOTTERY ACT CHANGES. Filed 2/17/09. House amendment makes the following changes to 3rd edition.

Amends GS 18C-122(d) to require that biennially at the end of the fiscal year (was, every fourth year), beginning in 2010, the NC State Lottery Commission is to contract with an independent auditing firm with experience in evaluating the operation of lotteries to audit the Lottery.

July 27, 2009

SL 2009-357 (H 205). LOTTERY ACT CHANGES. *AN ACT TO MAKE VARIOUS CHANGES TO THE NORTH CAROLINA STATE LOTTERY ACT.* Summarized in *Daily Bulletin* 2/17/09, 2/25/09, 4/22/09, and 4/28/09. Enacted July 27, 2009. Effective July 27, 2009.