

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

H.B. 109
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HOUSE PRINCIPAL CLERK

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HOUSE DRH10051-MQ-22 (02/05)

Short Title: Lottery Act Clarified.

(Public)

Sponsors: Representatives Stam, Glazier, and Hardister (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE FOR HONESTY IN ADVERTISING AND MARKETING OF THE
3 NORTH CAROLINA STATE LOTTERY.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. G.S. 18C-114(a)(2) reads as rewritten:

6 "§ 18C-114. Powers and duties of the Commission.

7 (a) The Commission shall have the following powers and duties:

8 ...

9 (2) To prescribe the nature of lottery advertising which shall comply with the
10 following:

- 11 a. All advertising shall include resources for responsible ~~gaming~~
12 gambling information.
- 13 b. No advertising may intentionally target specific groups or economic
14 classes.
- 15 c. No advertising may be misleading, deceptive, or present any lottery
16 game as a means of relieving any person's financial or personal
17 difficulties.
- 18 d. No advertising may have the primary purpose of inducing persons to
19 participate in the Lottery.
- 20 e. Advertising that states the probability of winning a prize shall not
21 omit the value of the lowest prize to be won.
- 22 f. Advertising that states the odds of winning a prize must, at a
23 minimum, disclose the odds of winning the prize with the largest
24 value.
- 25 g. No advertising or sponsorship may take place during or in connection
26 with any high school or high school sporting event."

27 SECTION 2. G.S. 18C-115 reads as rewritten:

28 "§ 18C-115. Reports.

29 (a) Reports on Operation of the Commission. – The Commission shall send quarterly
30 and annual reports on the operations of the Commission to the Governor, State Treasurer, and
31 to the General Assembly. The reports shall include complete statements of lottery revenues,
32 prize disbursements, expenses, net revenues, and all other financial transactions involving
33 lottery funds, including the occurrence of any audit.

34 (b) Disclosure of Proceeds From Lottery Funding. – Each State department or agency
35 receiving lottery funds shall use its established communications channels to inform the public
36 about amounts received and activities supported by lottery proceeds."



SECTION 3. G.S. 18C-130 reads as rewritten:**"§ 18C-130. Types of lottery games; lottery games and lottery advertising; certain disclosures and information to be provided.**

(a) ~~The Commission shall determine the types of lottery games that may be used in the Lottery. Games may include instant lotteries, online games, games played on computer terminals or other devices, and other games traditional to a lottery or that have been conducted by any other state government operated lottery. Unless the General Assembly approves, the Commission may use only draw-style games and instant scratch-off games as types of lottery games.~~

(b) In lottery games using tickets, each ticket in a particular game shall have printed on it a unique number distinguishing it from every other ticket in that lottery game and an abbreviated form of the game-play rules, including resources for responsible ~~gaming~~ gambling information. In lottery games using tickets, ~~each~~ no ticket may have printed on it a depiction of one or more cartoon ~~characters, whose primary appeal is not to minors.~~ characters. In lottery games using tickets with preprinted winners, the overall estimated odds of winning prizes shall be printed on each ticket. No name or photograph of a current or former elected official shall appear on the tickets of any lottery game.

(c) In games using electronic computer terminals or other devices to play lottery games, no coins or currency shall be dispensed to players from those electronic computer terminals or devices.

(d) No games shall be based on the outcome of a particular sporting event or on the results of a series of sporting events.

(e) Lottery advertising shall be tastefully designed and presented in a manner to minimize the appeal of lottery games to minors. The use of cartoon characters or of false, misleading, or deceptive information in lottery advertising is prohibited. ~~All advertising promoting the sale of lottery tickets or shares for a particular game.~~ Any Web site established or maintained by the Commission shall include the actual or estimated overall odds of winning the each lottery game.

(f) The Commission shall make available on its Web site a detailed tabulation of the estimated number of prizes of each particular prize denomination that are expected to be awarded in each lottery game ~~or~~ and the estimated odds of winning ~~these prizes~~ each prize at the time that lottery game is offered for sale to the public.

(g) The Commission shall, in consultation with the Department of Health and Human Services, develop and provide information to the public about gambling addiction and treatment."

SECTION 4. G.S. 18C-132(a) reads as rewritten:

"(a) If a lottery game uses a daily or less frequent drawing of winning numbers, a drawing among entries including second chance drawings where the value of the prize is five thousand dollars (\$5,000) or more, or a drawing among finalists, all of the following conditions shall be met:

(1) The drawings shall be open to the public.

(2) The drawings shall be witnessed by an independent certified public accountant or by an auditor employed by a certified public accounting firm. No advertising of a North Carolina game shall refer to the role of the independent certified public accountant or auditor employed by a certified public accounting firm.

(3) Any equipment used in the drawings shall be inspected by the independent certified public accountant or auditor employed by a certified public accounting firm and an employee of the Commission both before and after the drawings.

(4) Audio and visual records of the drawings and inspections shall be made.

1 If a lottery game uses a drawing among entries for (i) a second chance drawing or (ii) any
2 other promotion conducted by the lottery, where the value of the prize is less than five thousand
3 dollars (\$5,000) in value, the requirements of subdivisions (2) and (3) of this subsection do not
4 apply."

5 **SECTION 5.** G.S. 18C-152(c) reads as rewritten:

6 "(c) For purposes of this subsection, the term "potential contractor" shall include the
7 potential contractor and each of the persons applicable under subsection (b) of this section. At a
8 minimum, the potential contractor required to disclose information for a thorough background
9 investigation under G.S. 18C-151 shall do all of the following:

- 10 (1) Disclose the potential contractor's name, phone number, and address.
- 11 (2) Disclose all the states and jurisdictions in which the potential contractor does
12 business and the nature of the business for each state or jurisdiction.
- 13 (3) Disclose all the states and jurisdictions in which the potential contractor has
14 contracts to supply gambling or gaming goods or services, including lottery
15 goods and services, and the nature of the goods or services involved for each
16 state or jurisdiction.
- 17 (4) Disclose all the states and jurisdictions in which the potential contractor has
18 applied for, has sought renewal of, has received, has been denied, has
19 pending, or has had revoked a ~~lottery~~lottery, gambling, or gaming license or
20 permit of any kind or had fines or penalties assessed on a license, permit,
21 contract, or operation and the disposition of such in each such state or
22 jurisdiction. If any ~~lottery~~lottery, gambling, or gaming license, permit, or
23 contract has been revoked or has not been renewed or any ~~lottery~~lottery,
24 gambling, or gaming license, permit, or application has been either denied or
25 is pending and has remained pending for more than six months, all of the
26 facts and circumstances underlying the failure to receive that license shall be
27 disclosed.
- 28 (5) Disclose the details of any finding or plea, conviction, or adjudication of
29 guilt in a state or federal court of the potential contractor for any felony or
30 any other criminal offense other than a minor traffic violation.
- 31 (6) Disclose the details of any bankruptcy, insolvency, reorganization, or
32 corporate or individual purchase or takeover of another corporation,
33 including bonded indebtedness, or any pending litigation of the potential
34 contractor.
- 35 (7) If at least twenty-five percent (25%) of the cost of a potential contractor's
36 contract is subcontracted, the potential contractor shall disclose all of the
37 information required by this section for the subcontractor as if the
38 subcontractor were itself a potential contractor.
- 39 (8) Make any additional disclosures and information the Commission
40 determines to be appropriate for the contract involved."

41 **SECTION 6.** This act becomes effective July 1, 2015.