

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2017

**H.B. 1036**  
**May 30, 2018**  
**HOUSE PRINCIPAL CLERK**

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HOUSE BILL DRH40725-MQz-125C\*

Short Title: PED Lottery Recommendations. (Public)

Sponsors: Representatives Horn and Lucas (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO MAKE VARIOUS CHANGES TO THE NORTH CAROLINA STATE  
3 LOTTERY, AS RECOMMENDED BY THE JOINT LEGISLATIVE PROGRAM  
4 EVALUATION OVERSIGHT COMMITTEE.

5 The General Assembly of North Carolina enacts:

6 SECTION 1.1. G.S. 18C-114 reads as rewritten:

7 "§ 18C-114. Powers and duties of the Commission.

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

9 ...

10 (9) To specify the manner of distribution, dissemination, or sale of lottery tickets  
11 or shares to lottery game retailers or directly to the public.

12 (10) To determine the incentives, if any, for any lottery employees, lottery retailers,  
13 lottery contractors, or electronic computer terminal operators.

14 (10a) To establish targets and implement strategies for optimal growth and density  
15 of lottery retailer participation.

16 ...."

17 SECTION 1.2. G.S. 18C-115 is amended by adding a new subsection to read:

18 "(c) Annual Reporting. – The Commission shall submit an annual report on or before  
19 December 1 to the Joint Legislative Oversight Committee on the North Carolina State Lottery  
20 and the Fiscal Research Division. The report shall include all of the following:

21 (1) A detailed summary of the targets and efforts to grow lottery retailer  
22 participation pursuant to G.S. 18C-114(a)(10a) and the amount of growth  
23 attained during the previous year.

24 (2) A detailed summary of all efforts undertaken to measure the effectiveness of  
25 proposed and utilized advertising upon the sales and revenue realized by the  
26 lottery."

27 SECTION 2.1.(a) The Legislative Research Commission (LRC) shall study methods  
28 to increase sales revenue and funds transferred to the Education Lottery Fund. The study shall  
29 include at least all of the following:

30 (1) Methods to expand the number of lottery outlets and retailers.

31 (2) An evaluation of the amount of incentives and compensation paid to lottery  
32 retailers and a comparison to incentives and compensation paid by other state  
33 lottery programs.

34 (3) The potential impact of changing the structure of retailer incentives and  
35 compensation upon the ability of the North Carolina State Lottery



- 1 Commission to expand the number of lottery retailers and outlets, per capita,
- 2 to the level of the lotteries of the top 10 states.
- 3 (4) The cost to lottery retailers for participation in the North Carolina State
- 4 Lottery, including, but not limited to, cash payout of prizes, technology,
- 5 security, labor costs, the cost of prepayment for tickets, and the impact on the
- 6 costs of lottery retailers in the sale of other products.
- 7 (5) A comparison of the North Carolina State Lottery to other state lotteries since
- 8 2005 with respect to the number of lottery retailers and outlets, incentives and
- 9 compensation paid to retailers, and costs to retailers for participation in the
- 10 lottery.

11 **SECTION 2.1.(b)** The LRC shall report its findings, together with any proposed  
 12 legislation on or before December 1, 2018, to the 2019 Regular Session of the 2019 General  
 13 Assembly upon its convening.

14 **SECTION 3.1.** G.S. 18C-130 reads as rewritten:  
 15 "**§ 18C-130. Types of lottery games; lottery games and lottery advertising; certain**  
 16 **disclosures and information to be provided.**

17 ...  
 18 (e) Lottery advertising shall be tastefully designed and presented in a manner to minimize  
 19 the appeal of lottery games to minors. The use of cartoon characters or of false, misleading, or  
 20 deceptive information in lottery advertising is prohibited. All advertising promoting the sale of  
 21 lottery tickets or shares for a particular game shall include the actual or estimated overall odds of  
 22 winning the game.

23 (e1) The Commission shall select advertising methods that maximize revenue generation  
 24 while minimizing the expenses of the lottery by utilizing data to assess the impact of different  
 25 advertising strategies and forms of advertisement upon the amount of lottery sales.  
 26 ...."

27 **SECTION 4.1.** This act is effective when it becomes law.