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SENATE BILL DRS45554-MQz-125E*

Short Title: PED Lottery Recommendations. (Public)

Sponsors: Senators Waddell, Fitch, and Tarte (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



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- 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.