



# Bill Draft 2017-MQ-125: PED Lottery Recommendations.

2017-2018 General Assembly

<b>Committee:</b>	Joint Legislative Program Evaluation Oversight Committee	<b>Date:</b>	January 17, 2018
<b>Introduced by:</b>		<b>Prepared by:</b>	Matthew Meinig Staff Attorney
<b>Analysis of:</b>	2017-MQ-125		

**OVERVIEW:** 2017-MQ-125 directs the Lottery Commission to establish targets for growing retailer participation and methods to achieve those targets. In addition, the Commission is directed to study and report on advertising effectiveness and ways to increase sales revenue and funds transferred to the Education Lottery Fund.

**BILL ANALYSIS:** 2017-MQ-125 does the following:

- **Section 1.1:** Adds to the powers and duties of the Lottery Commission by directing the Commission to establish targets and implement strategies to grow retailer participation in the lottery.
- **Section 1.2:** Directs the Lottery Commission to submit an annual report to the Joint Legislative Oversight Committee on the North Carolina State Lottery and the Fiscal Research Division detailing the results of all efforts undertaken to grow retailer participation and to measure advertising effectiveness for the lottery.
- **Section 2.1:** Directs the Lottery Commission to study methods to increase sales revenue and funds transferred to the Education Lottery Fund. The study shall include at least all of the following:
  - An evaluation of the amount of incentives and compensation paid to lottery retailers and a comparison to incentives and compensation paid by other states' lottery programs.
  - An evaluation of the potential for new gaming technologies or expansion of existing gaming technologies, including a consideration of gaming options in other states' lottery programs.

The Commission would have the option of contracting the study out to a third party and would be required to report its findings and any recommended statutory changes to the Joint Legislative Oversight Committee on the North Carolina State Lottery and the Fiscal Research Division on or before December 1, 2018.

- **Section 3.1:** Directs the Lottery Commission to maximize revenue generation while minimizing the costs incurred to the lottery by using empirical data to select advertising methods.

**EFFECTIVE DATE:** This act is effective when it becomes law.

Kory Goldsmith  
Director



Legislative Drafting  
919-733-6660

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2017

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BILL DRAFT 2017-MQ-125 [v.6] (01/11)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)  
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Short Title: PED Lottery Recommendations.

(Public)

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 A PROGRAM EVALUATION DIVISION  
4 REPORT.

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  
11 tickets or shares to lottery game retailers or directly to the public.

12 (10) To determine the incentives, if any, for any lottery employees, lottery  
13 retailers, 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 ...."

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

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

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

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

28 SECTION 2.1. The North Carolina State Lottery Commission shall study methods  
29 to increase sales revenue and funds transferred to the Education Lottery Fund. In doing so, the  
30 Commission shall consider at least all of the following:

31 (1) The amount of incentives and compensation paid to lottery retailers. In  
32 particular, the Commission shall compare the rate of compensation to that of  
33 other states' lottery programs and shall recommend an incentive and



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1 compensation program that minimizes the expenses of the lottery and  
2 increases sales and amounts transferred to the Education Lottery Fund.

- 3 (2) The introduction of new gaming technologies, including video lottery  
4 terminals and expansion of the iLottery platform to include additional  
5 gaming options. The Commission shall consider the practices of other states'  
6 lottery programs and the potential for additional revenues if similar practices  
7 are adopted in this State.

8 The Commission may contract with a third-party to facilitate the study mandated pursuant  
9 to this section. The Commission shall submit a report based upon its findings, including any  
10 recommended statutory changes, to the Joint Legislative Oversight Committee on the North  
11 Carolina State Lottery and the Fiscal Research Division on or before December 1, 2018.

12 **SECTION 3.1.** G.S. 18C-130 reads as rewritten:

13 "**§ 18C-130. Types of lottery games; lottery games and lottery advertising; certain**  
14 **disclosures and information to be provided.**

15 ...

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

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

24 ...."

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