

REFERENCE TITLE: state lottery; authorization

State of Arizona
Senate
Forty-ninth Legislature
Sixth Special Session
2010

SB 1004

Introduced by
Senators Burns, Leff, Lopez, Pierce S: Chevront, Rios

AN ACT

CHANGING THE DESIGNATION OF TITLE 5, CHAPTER 5.1, ARIZONA REVISED STATUTES, TO "STATE LOTTERY"; AMENDING TITLE 5, CHAPTER 5.1, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 2; AMENDING TITLE 41, CHAPTER 27, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 41-3035.01; RELATING TO THE STATE LOTTERY; PROVIDING FOR CONDITIONAL ENACTMENT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Heading change

3 The chapter heading of title 5, chapter 5.1, Arizona Revised Statutes,
4 is changed from "STATE LOTTERY REVENUE BONDS" to "STATE LOTTERY".

5 Sec. 2. Title 5, chapter 5.1, Arizona Revised Statutes, is amended by
6 adding article 2, to read:

7 ARTICLE 2. GENERAL PROVISIONS

8 5-551. Definitions

9 IN THIS CHAPTER, UNLESS THE CONTEXT OTHERWISE REQUIRES:

10 1. "COMMISSION" MEANS THE ARIZONA STATE LOTTERY COMMISSION.

11 2. "DIRECTOR" MEANS THE EXECUTIVE DIRECTOR OF THE ARIZONA STATE
12 LOTTERY COMMISSION.

13 3. "LOTTERY" OR "STATE LOTTERY" MEANS THE LOTTERY CREATED AND OPERATED
14 PURSUANT TO THIS CHAPTER.

15 5-552. Arizona state lottery commission; membership;
16 appointment; term; chairman; removal; reimbursement of
17 expenses

18 A. THERE IS ESTABLISHED THE ARIZONA STATE LOTTERY COMMISSION
19 CONSISTING OF FIVE MEMBERS WHO SHALL BE CITIZENS AND RESIDENTS OF THIS STATE
20 AND APPOINTED BY THE GOVERNOR PURSUANT TO SECTION 38-211. NO MORE THAN THREE
21 MEMBERS MAY BE FROM THE SAME POLITICAL PARTY. THE TERM OF MEMBERS APPOINTED
22 TO THE COMMISSION IS FIVE YEARS. THE COMMISSION MEMBERS SHALL ANNUALLY ELECT
23 ONE OF THE MEMBERS TO SERVE AS CHAIRMAN OF THE COMMISSION.

24 B. AT LEAST ONE MEMBER OF THE COMMISSION SHALL HAVE A MINIMUM OF FIVE
25 YEARS' EXPERIENCE IN LAW ENFORCEMENT.

26 C. AT LEAST ONE MEMBER OF THE COMMISSION SHALL HAVE A MINIMUM OF FIVE
27 YEARS' EXPERIENCE AS A CERTIFIED PUBLIC ACCOUNTANT.

28 D. AT LEAST ONE MEMBER OF THE COMMISSION SHALL HAVE A MINIMUM OF FIVE
29 YEARS' EXPERIENCE IN MARKETING OR ADVERTISING, OR BOTH.

30 E. AT LEAST ONE MEMBER OF THE COMMISSION SHALL HAVE A MINIMUM OF FIVE
31 YEARS' EXPERIENCE IN CONVENIENCE STORE, MINIMART OR GROCERY RETAILING.

32 F. ANY MEMBER OF THE COMMISSION MAY BE REMOVED FROM OFFICE BY THE
33 GOVERNOR FOR CAUSE UPON NOTICE AND OPPORTUNITY TO BE HEARD AT A PUBLIC
34 HEARING.

35 G. MEMBERS OF THE COMMISSION ARE ELIGIBLE TO RECEIVE COMPENSATION
36 PURSUANT TO SECTION 38-611.

37 H. THE COMMISSION SHALL HOLD AT LEAST ONE MEETING EACH QUARTER.

38 I. NO COMMISSION MEMBER MAY HAVE A PECUNIARY INTEREST IN ANY CONTRACT
39 OR AGREEMENT TO WHICH THE COMMISSION IS A PARTY.

40 J. NO ACTION OF THE COMMISSION IS BINDING UNLESS TAKEN AT A MEETING
41 WITH AT LEAST THREE MEMBERS PRESENT VOTING IN FAVOR OF THE ACTION IN
42 QUESTION.

43 5-553. Executive director; appointment

44 A. AN EXECUTIVE DIRECTOR APPOINTED BY THE GOVERNOR PURSUANT TO SECTION
45 38-211 SHALL EXERCISE IMMEDIATE SUPERVISION OVER THE LOTTERY. THE DIRECTOR
46 SHALL BE A PERSON QUALIFIED BY TRAINING AND EXPERIENCE TO ADMINISTER THE

1 STATE LOTTERY. THE DIRECTOR SHALL BE APPOINTED BY THE GOVERNOR AND SHALL
2 SERVE AT THE PLEASURE OF THE GOVERNOR.

3 B. THE DIRECTOR SHALL DEVOTE HIS ENTIRE TIME AND ATTENTION TO THE
4 ADMINISTRATION OF THE STATE LOTTERY AND SHALL NOT BE ENGAGED IN ANY OTHER
5 PROFESSION OR OCCUPATION. THE DIRECTOR IS ELIGIBLE TO RECEIVE COMPENSATION
6 PURSUANT TO SECTION 38-611.

7 5-554. Commission: director: powers and duties: definitions

8 A. THE COMMISSION SHALL MEET WITH THE DIRECTOR NOT LESS THAN ONCE EACH
9 QUARTER TO MAKE RECOMMENDATIONS AND SET POLICY, RECEIVE REPORTS FROM THE
10 DIRECTOR AND TRANSACT OTHER BUSINESS PROPERLY BROUGHT BEFORE THE COMMISSION.

11 B. THE COMMISSION SHALL OVERSEE A STATE LOTTERY TO PRODUCE THE MAXIMUM
12 AMOUNT OF NET REVENUE CONSONANT WITH THE DIGNITY OF THE STATE. TO ACHIEVE
13 THESE ENDS, THE COMMISSION SHALL AUTHORIZE THE DIRECTOR TO ADOPT RULES IN
14 ACCORDANCE WITH TITLE 41, CHAPTER 6. RULES ADOPTED BY THE DIRECTOR MAY
15 INCLUDE PROVISIONS RELATING TO THE FOLLOWING:

16 1. SUBJECT TO THE APPROVAL OF THE COMMISSION, THE TYPES OF LOTTERY
17 GAMES AND THE TYPES OF GAME PLAY-STYLES TO BE CONDUCTED.

18 2. THE METHOD OF SELECTING THE WINNING TICKETS OR SHARES FOR
19 NONCOMPUTERIZED ONLINE GAMES, EXCEPT THAT NO METHOD MAY BE USED WHICH, IN
20 WHOLE OR IN PART, DEPENDS ON THE RESULTS OF A DOG RACE, A HORSE RACE OR ANY
21 SPORTING EVENT.

22 3. THE MANNER OF PAYMENT OF PRIZES TO THE HOLDERS OF WINNING TICKETS
23 OR SHARES, INCLUDING PROVIDING FOR PAYMENT BY THE PURCHASE OF ANNUITIES IN
24 THE CASE OF PRIZES PAYABLE IN INSTALLMENTS, EXCEPT THAT THE COMMISSION STAFF
25 SHALL EXAMINE CLAIMS AND MAY NOT PAY ANY PRIZE BASED ON ALTERED, STOLEN OR
26 COUNTERFEIT TICKETS OR BASED ON ANY TICKETS WHICH FAIL TO MEET ESTABLISHED
27 VALIDATION REQUIREMENTS, INCLUDING RULES STATED ON THE TICKET OR IN THE
28 PUBLISHED GAME RULES, AND CONFIDENTIAL VALIDATION TESTS APPLIED CONSISTENTLY
29 BY THE COMMISSION STAFF. NO PARTICULAR PRIZE IN A LOTTERY GAME MAY BE PAID
30 MORE THAN ONCE, AND IN THE EVENT OF A BINDING DETERMINATION THAT MORE THAN
31 ONE PERSON IS ENTITLED TO A PARTICULAR PRIZE, THE SOLE REMEDY OF THE
32 CLAIMANTS IS THE AWARD TO EACH OF THEM OF AN EQUAL PORTION OF THE SINGLE
33 PRIZE.

34 4. THE METHOD TO BE USED IN SELLING TICKETS OR SHARES, EXCEPT THAT NO
35 ELECTED OFFICIAL'S NAME MAY BE PRINTED ON SUCH TICKETS OR SHARES. THE
36 OVERALL ESTIMATED ODDS OF WINNING SOME PRIZE OR SOME CASH PRIZE, AS
37 APPROPRIATE, IN A GIVEN GAME SHALL BE PRINTED ON EACH TICKET OR SHARE.

38 5. THE LICENSING OF AGENTS TO SELL TICKETS OR SHARES, EXCEPT THAT A
39 PERSON WHO IS UNDER EIGHTEEN YEARS OF AGE SHALL NOT BE LICENSED AS AN AGENT.

40 6. THE MANNER AND AMOUNT OF COMPENSATION TO BE PAID LICENSED SALES
41 AGENTS NECESSARY TO PROVIDE FOR THE ADEQUATE AVAILABILITY OF TICKETS OR
42 SHARES TO PROSPECTIVE BUYERS AND FOR THE CONVENIENCE OF THE PUBLIC, INCLUDING
43 PROVISION FOR VARIABLE COMPENSATION BASED ON SALES VOLUME.

44 7. MATTERS NECESSARY OR DESIRABLE FOR THE EFFICIENT AND ECONOMICAL
45 OPERATION AND ADMINISTRATION OF THE LOTTERY AND FOR THE CONVENIENCE OF THE
46 PURCHASERS OF TICKETS OR SHARES AND THE HOLDERS OF WINNING TICKETS OR SHARES.

1 C. THE COMMISSION SHALL AUTHORIZE THE DIRECTOR TO ISSUE ORDERS AND
2 SHALL APPROVE ORDERS ISSUED BY THE DIRECTOR FOR THE NECESSARY OPERATION OF
3 THE LOTTERY. ORDERS ISSUED UNDER THIS SUBSECTION MAY INCLUDE PROVISIONS
4 RELATING TO THE FOLLOWING:

5 1. THE PRICES OF TICKETS OR SHARES IN LOTTERY GAMES.

6 2. THE THEMES, GAME PLAY-STYLES, AND NAMES OF LOTTERY GAMES AND
7 DEFINITIONS OF SYMBOLS AND OTHER CHARACTERS USED IN LOTTERY GAMES, EXCEPT
8 THAT EACH TICKET OR SHARE IN A LOTTERY GAME SHALL BEAR A UNIQUE
9 DISTINGUISHABLE SERIAL NUMBER.

10 3. THE SALE OF TICKETS OR SHARES AT A DISCOUNT FOR PROMOTIONAL
11 PURPOSES.

12 4. THE PRIZE STRUCTURE OF LOTTERY GAMES, INCLUDING THE NUMBER AND SIZE
13 OF PRIZES AVAILABLE. AVAILABLE PRIZES MAY INCLUDE FREE TICKETS IN LOTTERY
14 GAMES AND MERCHANDISE PRIZES.

15 5. THE FREQUENCY OF DRAWINGS, IF ANY, OR OTHER SELECTIONS OF WINNING
16 TICKETS OR SHARES, EXCEPT THAT:

17 (a) ALL DRAWINGS SHALL BE OPEN TO THE PUBLIC.

18 (b) THE ACTUAL SELECTION OF WINNING TICKETS OR SHARES MAY NOT BE
19 PERFORMED BY AN EMPLOYEE OR MEMBER OF THE COMMISSION.

20 (c) NONCOMPUTERIZED ONLINE GAME DRAWINGS SHALL BE WITNESSED BY AN
21 INDEPENDENT OBSERVER.

22 6. REQUIREMENTS FOR ELIGIBILITY FOR PARTICIPATION IN GRAND DRAWINGS OR
23 OTHER RUNOFF DRAWINGS, INCLUDING REQUIREMENTS FOR THE SUBMISSION OF EVIDENCE
24 OF ELIGIBILITY WITHIN A SHORTER PERIOD THAN THAT PROVIDED FOR CLAIMS BY
25 SECTION 5-568.

26 7. INCENTIVE AND BONUS PROGRAMS DESIGNED TO INCREASE SALES OF LOTTERY
27 TICKETS OR SHARES AND TO PRODUCE THE MAXIMUM AMOUNT OF NET REVENUE FOR THIS
28 STATE.

29 D. NOTWITHSTANDING TITLE 41, CHAPTER 6 AND SUBSECTION B OF THIS
30 SECTION, THE DIRECTOR, SUBJECT TO THE APPROVAL OF THE COMMISSION, MAY
31 ESTABLISH A POLICY, PROCEDURE OR PRACTICE THAT RELATES TO AN EXISTING ONLINE
32 GAME OR A NEW ONLINE GAME WHICH IS THE SAME TYPE AND HAS THE SAME TYPE OF
33 GAME PLAY-STYLE AS AN ONLINE GAME CURRENTLY BEING CONDUCTED BY THE LOTTERY OR
34 MAY MODIFY AN EXISTING RULE FOR AN EXISTING ONLINE GAME OR A NEW ONLINE GAME
35 WHICH IS THE SAME TYPE AND HAS THE SAME TYPE OF GAME PLAY-STYLE AS AN ONLINE
36 GAME CURRENTLY BEING CONDUCTED BY THE LOTTERY, INCLUDING ESTABLISHING OR
37 MODIFYING THE MATRIX FOR AN ONLINE GAME BY GIVING NOTICE OF THE ESTABLISHMENT
38 OR MODIFICATION AT LEAST THIRTY DAYS BEFORE THE EFFECTIVE DATE OF THE
39 ESTABLISHMENT OR MODIFICATION.

40 E. THE COMMISSION SHALL MAINTAIN AND MAKE THE FOLLOWING INFORMATION
41 AVAILABLE FOR PUBLIC INSPECTION AT ITS OFFICES DURING REGULAR BUSINESS HOURS:

42 1. A DETAILED LISTING OF THE ESTIMATED NUMBER OF PRIZES OF EACH
43 PARTICULAR DENOMINATION EXPECTED TO BE AWARDED IN ANY INSTANT GAME CURRENTLY
44 ON SALE.

2. AFTER THE END OF THE CLAIM PERIOD PRESCRIBED BY SECTION 5-568, A LISTING OF THE TOTAL NUMBER OF TICKETS OR SHARES SOLD AND THE NUMBER OF PRIZES OF EACH PARTICULAR DENOMINATION AWARDED IN EACH LOTTERY GAME.

3. DEFINITIONS OF ALL PLAY SYMBOLS AND OTHER CHARACTERS USED IN EACH LOTTERY GAME AND INSTRUCTIONS ON HOW TO PLAY AND HOW TO WIN EACH LOTTERY GAME.

F. ANY INFORMATION THAT IS MAINTAINED BY THE COMMISSION AND THAT WOULD ASSIST A PERSON IN LOCATING OR IDENTIFYING A WINNING TICKET OR SHARE OR THAT WOULD OTHERWISE COMPROMISE THE INTEGRITY OF ANY LOTTERY GAME IS DEEMED CONFIDENTIAL AND IS NOT SUBJECT TO PUBLIC INSPECTION.

G. THE COMMISSION, IN ADDITION TO OTHER GAMES AUTHORIZED BY THIS ARTICLE, SHALL ESTABLISH TWO SPECIAL GAMES FOR EACH YEAR TO BE CONDUCTED CONCURRENTLY WITH OTHER LOTTERY GAMES AUTHORIZED UNDER SUBSECTION B OF THIS SECTION. THE MONIES FOR PRIZES, FOR OPERATING EXPENSES AND FOR PAYMENT TO THE COMMERCE AND ECONOMIC DEVELOPMENT COMMISSION FUND, AS PROVIDED IN SECTION 5-572, SUBSECTION A, PARAGRAPH 2, SHALL BE ACCOUNTED FOR SEPARATELY AS NEARLY AS PRACTICABLE IN THE LOTTERY COMMISSION'S GENERAL ACCOUNTING SYSTEM. THE MONIES SHALL BE DERIVED FROM THE REVENUES OF THE SPECIAL GAMES, AND MONIES FOR PRIZES DO NOT BECOME AN EXPENSE TO THE LOTTERY COMMISSION'S ANNUAL APPROPRIATION AS PROVIDED IN SECTION 5-555, SUBSECTION D AND SECTION 5-572, SUBSECTION J. MONIES SAVED FROM THE REVENUES OF THE SPECIAL GAMES, BY REASON OF OPERATING EFFICIENCIES, SHALL BECOME OTHER REVENUE OF THE LOTTERY COMMISSION AND REVERT TO THE STATE GENERAL FUND.

H. THE COMMISSION, IN ADDITION TO OTHER GAMES AUTHORIZED BY THIS ARTICLE, MAY ESTABLISH MULTISTATE LOTTERY GAMES TO BE CONDUCTED CONCURRENTLY WITH OTHER LOTTERY GAMES AUTHORIZED UNDER SUBSECTIONS B AND G OF THIS SECTION. THE MONIES FOR PRIZES, FOR OPERATING EXPENSES AND FOR PAYMENT TO THE LOCAL TRANSPORTATION ASSISTANCE FUND, AS PROVIDED IN SECTION 28-8101, AND THE STATE GENERAL FUND SHALL BE ACCOUNTED FOR SEPARATELY AS NEARLY AS PRACTICABLE IN THE LOTTERY COMMISSION'S GENERAL ACCOUNTING SYSTEM. THE MONIES SHALL BE DERIVED FROM THE REVENUES OF MULTISTATE LOTTERY GAMES.

I. THE COMMISSION OR DIRECTOR SHALL NOT ESTABLISH OR OPERATE ANY ONLINE OR ELECTRONIC KENO GAME OR ANY GAME PLAYED ON THE INTERNET.

J. THE COMMISSION OR DIRECTOR SHALL NOT ESTABLISH OR OPERATE ANY LOTTERY GAME OR ANY TYPE OF GAME PLAY-STYLE, EITHER INDIVIDUALLY OR IN COMBINATION, THAT USES GAMING DEVICES OR VIDEO LOTTERY TERMINALS AS THOSE TERMS ARE USED IN SECTION 5-601.02, INCLUDING MONITOR GAMES THAT PRODUCE OR DISPLAY OUTCOMES OR RESULTS MORE THAN ONCE PER HOUR.

K. THE DIRECTOR SHALL PRINT, IN A PROMINENT LOCATION ON EACH LOTTERY TICKET OR SHARE, A STATEMENT THAT HELP IS AVAILABLE IF A PERSON HAS A PROBLEM WITH GAMBLING AND A TOLL-FREE TELEPHONE NUMBER WHERE PROBLEM GAMBLING ASSISTANCE IS AVAILABLE. THE DIRECTOR SHALL REQUIRE ALL LICENSED AGENTS TO POST A SIGN WITH THE STATEMENT THAT HELP IS AVAILABLE IF A PERSON HAS A PROBLEM WITH GAMBLING AND THE TOLL-FREE TELEPHONE NUMBER AT THE POINT OF SALE AS PRESCRIBED AND SUPPLIED BY THE DIRECTOR. THE REQUIREMENTS OF THIS SUBSECTION APPLY TO TICKETS AND SHARES PRINTED AFTER JULY 18, 2000.

1 L. FOR THE PURPOSES OF THIS SECTION:

2 1. "GAME PLAY-STYLE" MEANS THE PROCESS OR PROCEDURE THAT A PLAYER MUST
3 FOLLOW TO DETERMINE IF A LOTTERY TICKET OR SHARE IS A WINNING TICKET OR
4 SHARE.

5 2. "MATRIX" MEANS THE ODDS OF WINNING A PRIZE AND THE PRIZE PAYOUT
6 AMOUNTS IN A GIVEN GAME.

7 5-555. Apportionment of revenue

8 A. NOT MORE THAN EIGHTEEN AND ONE-HALF PER CENT OF THE TOTAL ANNUAL
9 REVENUES ACCRUING FROM THE SALE OF LOTTERY TICKETS OR SHARES AND FROM ALL
10 OTHER SOURCES SHALL BE DEPOSITED IN THE STATE LOTTERY FUND ESTABLISHED BY
11 SECTION 5-571 TO BE EXPENDED FOR THE FOLLOWING:

12 1. THE PAYMENT OF COSTS INCURRED IN THE OPERATION AND ADMINISTRATION
13 OF THE LOTTERY, INCLUDING THE EXPENSES OF THE COMMISSION AND THE COSTS
14 RESULTING FROM ANY CONTRACT OR CONTRACTS ENTERED INTO FOR CONSULTING OR
15 OPERATIONAL SERVICES.

16 2. INDEPENDENT AUDITS, WHICH SHALL BE PERFORMED ANNUALLY IN ADDITION
17 TO THE AUDITS REQUIRED BY SECTION 5-574.

18 3. INCENTIVE PROGRAMS FOR LOTTERY SALES AGENTS AND LOTTERY EMPLOYEES.

19 4. PAYMENT OF COMPENSATION TO LICENSED SALES AGENTS NECESSARY TO
20 PROVIDE FOR THE ADEQUATE AVAILABILITY OF TICKETS OR SERVICES TO PROSPECTIVE
21 BUYERS AND FOR THE CONVENIENCE OF THE PUBLIC. COMPENSATION OF LICENSED SALES
22 AGENTS SHALL BE AT LEAST FIVE AND ONE-HALF PER CENT BUT NOT MORE THAN EIGHT
23 PER CENT OF THE PRICE OF EACH TICKET OR SHARE THAT A RETAIL SALES AGENT SELLS
24 IN INSTANT GAMES AND ONLINE GAMES, LESS THE PRICE OF ANY TICKETS OR SHARES
25 THAT ARE VOIDED.

26 5. THE PAYMENT OF REASONABLE FEES TO REDEMPTION AGENTS AS AUTHORIZED
27 BY SECTION 5-569.

28 6. THE PURCHASE OR LEASE OF LOTTERY EQUIPMENT, TICKETS AND MATERIALS.

29 B. NOT LESS THAN FIFTY PER CENT OF THE TOTAL ANNUAL REVENUES ACCRUING
30 FROM THE SALE OF LOTTERY TICKETS OR SHARES SHALL BE DEPOSITED IN THE STATE
31 LOTTERY PRIZE FUND ESTABLISHED BY SECTION 5-573 FOR PAYMENT OF PRIZES TO THE
32 HOLDERS OF WINNING TICKETS OR SHARES OR FOR OTHER PURPOSES PROVIDED FOR IN
33 SECTION 5-568.

34 C. ALL OTHER REVENUES ACCRUING FROM THE SALE OF LOTTERY TICKETS OR
35 SHARES IN ONLINE GAMES OR INSTANT GAMES SHALL BE DEPOSITED IN THE STATE
36 LOTTERY FUND ESTABLISHED BY SECTION 5-571 TO BE USED AS PRESCRIBED BY SECTION
37 5-572.

38 D. EXCEPT FOR MONIES FOR PRIZES EXPENDED AS PROVIDED IN SECTION 5-554,
39 SUBSECTION G AND SECTION 41-1505.10, MONIES EXPENDED UNDER SUBSECTION A OF
40 THIS SECTION SHALL BE SUBJECT TO LEGISLATIVE APPROPRIATION.

41 5-556. Powers and duties of director

42 IN ADDITION TO OTHER POWERS AND DUTIES PRESCRIBED IN THIS CHAPTER, THE
43 DIRECTOR SHALL:

44 1. SUPERVISE AND ADMINISTER THE OPERATION OF THE LOTTERY IN ACCORDANCE
45 WITH THIS CHAPTER AND THE RULES ADOPTED UNDER THIS CHAPTER, SUBJECT TO THE

1 CONTINUOUS DUTY TO TAKE INTO ACCOUNT THE PARTICULARLY SENSITIVE AND
2 RESPONSIBLE NATURE OF THE COMMISSION'S FUNCTIONS.

3 2. ENFORCE THIS CHAPTER AND THE RULES ADOPTED UNDER THIS CHAPTER. THE
4 DIRECTOR SHALL ACCEPT ALLEGATIONS OF ANY VIOLATIONS OF THE LAWS OF THIS STATE
5 OR RULES PERTAINING TO THE CONDUCT OF THE LOTTERY.

6 3. PURSUANT TO THIS CHAPTER AND THE RULES ADOPTED BY THE COMMISSION,
7 LICENSE AS AGENTS TO SELL LOTTERY TICKETS SUCH PERSONS AS WILL BEST SERVE THE
8 PUBLIC CONVENIENCE AND PROMOTE THE SALE OF TICKETS OR SHARES.

9 4. HIRE SUCH PROFESSIONAL, CLERICAL, TECHNICAL AND ADMINISTRATIVE
10 PERSONNEL AS MAY BE NECESSARY TO CARRY OUT THIS CHAPTER. THE DIRECTOR SHALL
11 CONDUCT BACKGROUND CHECKS OF PROSPECTIVE EMPLOYEES, AND, IN ALL EMPLOYMENT
12 DECISIONS, SHALL TAKE INTO ACCOUNT THE PARTICULARLY SENSITIVE AND RESPONSIBLE
13 NATURE OF THE OPERATION OF THE STATE LOTTERY.

14 5. ACT AS SECRETARY AND EXECUTIVE OFFICER OF THE COMMISSION.

15 6. CONFER REGULARLY AS NECESSARY OR DESIRABLE AND NOT LESS THAN ONCE
16 EVERY QUARTER WITH THE COMMISSION ON THE OPERATION AND ADMINISTRATION OF THE
17 LOTTERY.

18 7. MAKE AVAILABLE FOR INSPECTION BY THE COMMISSION, UPON REQUEST, ALL
19 BOOKS, RECORDS, FILES AND OTHER INFORMATION AND DOCUMENTS OF THE COMMISSION.

20 8. ADVISE THE COMMISSION AND RECOMMEND MATTERS AS ARE NECESSARY AND
21 ADVISABLE TO IMPROVE THE OPERATION AND ADMINISTRATION OF THE LOTTERY.

22 9. SUSPEND OR REVOKE ANY LICENSE ISSUED PURSUANT TO THIS CHAPTER OR
23 THE RULES ADOPTED PURSUANT TO THIS CHAPTER, SUBJECT TO APPEAL TO THE
24 COMMISSION.

25 10. WITHIN THIRTY DAYS AFTER RECEIVING AN ALLEGATION OF A VIOLATION OF
26 THE LAWS OF THIS STATE OR RULES PERTAINING TO THE CONDUCT OF THE LOTTERY BY A
27 LICENSED AGENT AND EVIDENCE SUBSTANTIATING THE ALLEGATION, DETERMINE WHETHER
28 THE AGENT HAS VIOLATED THE RULES OR IF A CRIMINAL INVESTIGATION IS WARRANTED.

29 5-557. Monthly reports; annual reports

30 A. THE DIRECTOR SHALL MAKE A MONTHLY REPORT TO THE COMMISSION, THE
31 GOVERNOR, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE PRESIDENT OF
32 THE SENATE. THE MONTHLY REPORT SHALL INCLUDE THE TOTAL LOTTERY REVENUE,
33 PRIZE DISBURSEMENTS AND OTHER EXPENSES FOR THE PRECEDING MONTH.

34 B. THE DIRECTOR SHALL MAKE A REPORT ON OR BEFORE AUGUST 15 OF EACH
35 YEAR TO THE DIRECTOR OF THE JOINT LEGISLATIVE BUDGET COMMITTEE AND THE
36 DIRECTOR OF THE GOVERNOR'S OFFICE OF STRATEGIC PLANNING AND BUDGETING
37 CONTAINING:

38 1. A SUMMARY OF THE CRITERIA USED TO EVALUATE EMPLOYEE PERFORMANCE AND
39 DISTRIBUTION OF ANY APPROPRIATION FOR THE PRECEDING FISCAL YEAR AS
40 PERFORMANCE PAY.

41 2. AN ACCOUNTING OF TOTAL DISTRIBUTIONS OF THAT APPROPRIATION.

42 3. THE PERCENTAGES OF THAT DISTRIBUTION THAT WERE BASED ON INDIVIDUAL
43 EMPLOYEE PERFORMANCE AND ON LOTTERY SALES GOALS.

44 C. THE COMMISSION SHALL MAKE AN ANNUAL REPORT TO THE GOVERNOR, THE
45 SPEAKER OF THE HOUSE OF REPRESENTATIVES AND THE PRESIDENT OF THE SENATE. THE
46 ANNUAL REPORT SHALL INCLUDE A FULL AND COMPLETE STATEMENT OF LOTTERY

1 REVENUES, PRIZE DISBURSEMENTS AND OTHER EXPENSES FOR THE PRECEDING YEARS, AND
2 RECOMMENDATIONS FOR AMENDMENTS TO THIS CHAPTER AS THE COMMISSION DEEMS
3 NECESSARY OR DESIRABLE.

4 5-558. Studies and investigations

5 A. THE DIRECTOR SHALL CONDUCT AN ONGOING STUDY AND INVESTIGATION OF
6 THE LOTTERY FOR THE FOLLOWING PURPOSES:

7 1. TO ASCERTAIN ANY DEFECTS IN THIS CHAPTER OR IN THE RULES THROUGH
8 WHICH ANY ABUSES IN THE ADMINISTRATION AND OPERATION OF THE LOTTERY OR ANY
9 EVASION OF THIS CHAPTER OR THE RULES MAY ARISE OR BE PRACTICED.

10 2. TO FORMULATE RECOMMENDATIONS FOR CHANGES IN THIS CHAPTER.

11 3. TO GUARD AGAINST THE USE OF THIS CHAPTER AND THE RULES AS A CLOAK
12 FOR ORGANIZED GAMBLING AND CRIME.

13 4. TO INSURE THAT THIS CHAPTER AND THE RULES ARE IN A FORM AND ARE
14 ADMINISTERED TO SERVE THE TRUE PURPOSES OF THIS CHAPTER.

15 B. THE DIRECTOR SHALL CONDUCT AN ONGOING STUDY AND INVESTIGATION OF
16 THE OPERATION AND THE ADMINISTRATION OF LOTTERY LAWS IN EFFECT IN OTHER
17 STATES OR COUNTRIES, ANY LITERATURE ON THE SUBJECT THAT MAY BE PUBLISHED OR
18 AVAILABLE, ANY FEDERAL LAWS THAT MAY AFFECT THE OPERATION OF THE LOTTERY AND
19 THE REACTION OF CITIZENS TO EXISTING AND POTENTIAL FEATURES OF THE LOTTERY
20 WITH A VIEW TO RECOMMENDING OR EFFECTING CHANGES THAT WILL TEND TO SERVE THE
21 PURPOSES OF THIS CHAPTER.

22 5-559. Contracts; limitation; restrictions

23 A. NOTWITHSTANDING ANY OTHER STATUTE, THE DIRECTOR MAY:

24 1. DIRECTLY SOLICIT BIDS AND CONTRACT FOR THE DESIGN AND OPERATION OF
25 THE LOTTERY OR THE PURCHASE OF LOTTERY EQUIPMENT, TICKETS AND RELATED
26 MATERIALS.

27 2. CONTRACT TO EFFECTUATE THE PURPOSES OF THIS CHAPTER AND THE RULES
28 PROMULGATED PURSUANT TO THIS CHAPTER.

29 3. SUBJECT TO JOINT LEGISLATIVE BUDGET COMMITTEE APPROVAL ACQUIRE
30 ADMINISTRATIVE OFFICE FACILITIES AND RELATED FACILITIES AND EQUIPMENT FOR THE
31 USE OF THE COMMISSION BY LEASE, PURCHASE OR LEASE-PURCHASE.

32 B. PROCUREMENT PURSUANT TO THIS SECTION SHALL BE PERFORMED AS
33 PRESCRIBED IN SECTION 41-2501, SUBSECTION F. BIDS RECEIVED UNDER THIS
34 SECTION MAY BE DEEMED CONFIDENTIAL IN WHOLE OR IN PART BY THE DIRECTOR IF
35 REQUIRED ON ACCOUNT OF THE SENSITIVE AND RESPONSIBLE NATURE OF THE
36 COMMISSION'S FUNCTIONS AND THE PARAMOUNT CONSIDERATIONS OF SECURITY AND
37 INTEGRITY.

38 C. ANY AWARD MADE BY THE DIRECTOR PURSUANT TO THIS SECTION BECOMES
39 EFFECTIVE AND BINDING ON THE COMMISSION UNLESS IT IS REJECTED BY THE
40 COMMISSION AT A MEETING HELD WITHIN FOURTEEN CALENDAR DAYS AFTER THE AWARD IS
41 COMMUNICATED TO THE MEMBERS OF THE COMMISSION.

42 D. A CONTRACT AWARDED OR ENTERED INTO BY THE DIRECTOR PURSUANT TO THIS
43 SECTION SHALL NOT BE ASSIGNED BY THE HOLDER EXCEPT BY SPECIFIC APPROVAL OF
44 THE DIRECTOR. IN ALL AWARDS OF CONTRACTS PURSUANT TO THIS SECTION, THE
45 DIRECTOR SHALL TAKE PARTICULAR ACCOUNT OF THE SENSITIVE AND RESPONSIBLE

1 NATURE OF THE COMMISSION'S FUNCTIONS AND THE PARAMOUNT CONSIDERATIONS OF
2 SECURITY AND INTEGRITY.

3 5-560. Security operations; powers; peace officer status

4 A. THE STATE LOTTERY COMMISSION SHALL MAINTAIN OPERATIONS RESPONSIBLE
5 FOR SECURITY. THE DIRECTOR SHALL APPOINT A SECURITY OFFICER TO SUPERVISE THE
6 SECURITY OPERATIONS OF THE COMMISSION.

7 B. THE SECURITY OPERATIONS OF THE STATE LOTTERY COMMISSION SHALL BE A
8 LAW ENFORCEMENT AGENCY AND THE SUPERVISING SECURITY OFFICER IS DESIGNATED A
9 PEACE OFFICER. SUCH LAW ENFORCEMENT AGENCY AND PEACE OFFICER STATUS SHALL BE
10 FOR THE LIMITED PURPOSE OF RECEIVING INVESTIGATIVE INFORMATION FROM LAW
11 ENFORCEMENT AGENCIES PERTAINING TO INVESTIGATIONS OF LOTTERY ACTIVITIES.

12 C. NO EMPLOYEE OF THE LOTTERY COMMISSION IS ELIGIBLE FOR PARTICIPATION
13 IN THE PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM.

14 5-561. Department of public safety; investigation; authority;
15 payment

16 THE DIRECTOR OF THE DEPARTMENT OF PUBLIC SAFETY SHALL ORDER AN
17 INVESTIGATION INTO ANY VIOLATION OF A STATUTE OF THIS STATE WHICH PERTAINS TO
18 THE CONDUCT OF THE STATE LOTTERY. THE DIRECTOR SHALL INCLUDE IN THE
19 COMMISSION'S OVERHEAD EXPENSES AND PAY, UPON CERTIFIED INVOICE SUBMITTED BY
20 THE DIRECTOR OF THE DEPARTMENT OF PUBLIC SAFETY, ANY CHARGES FOR ACTUAL
21 EXPENSES AS A RESULT OF INVESTIGATIONS AND RELATED LAW ENFORCEMENT
22 ACTIVITIES, OR FOR ANY ACTIVITY DIRECTLY OR INDIRECTLY RELATED TO THE LOTTERY
23 OPERATION. THE CHARGES MAY INCLUDE COSTS FOR PERSONNEL, SUPPLIES, MATERIALS,
24 EQUIPMENT AND TRAVEL WITHIN OR WITHOUT THE STATE.

25 5-562. Licenses to sell tickets or shares; fee; conditions;
26 definitions

27 A. A LICENSE AS AN AGENT TO SELL LOTTERY TICKETS OR SHARES SHALL NOT
28 BE ISSUED TO ANY PERSON TO ENGAGE IN BUSINESS EXCLUSIVELY AS A LOTTERY SALES
29 AGENT. BEFORE ISSUING A LICENSE AS A LOTTERY SALES AGENT TO ANY PERSON THE
30 DIRECTOR SHALL CONSIDER FACTORS SUCH AS THE FINANCIAL RESPONSIBILITY AND
31 SECURITY OF THE PERSON AND THE NATURE OF THE PERSON'S BUSINESS ACTIVITY, THE
32 PERSON'S BACKGROUND AND REPUTATION IN THE COMMUNITY, THE ACCESSIBILITY OF THE
33 PERSON'S PLACE OF BUSINESS OR ACTIVITY TO THE PUBLIC, THE ACCESSIBILITY OF
34 EXISTING LICENSEES TO SERVE THE PUBLIC CONVENIENCE AND THE VOLUME OF EXPECTED
35 SALES.

36 B. A PERSON LAWFULLY ENGAGED IN NONGOVERNMENTAL BUSINESS ON STATE
37 PROPERTY MAY BE LICENSED AS A LOTTERY SALES AGENT.

38 C. THE DIRECTOR MAY ESTABLISH BY RULE AND COLLECT A FEE FOR A LICENSE
39 ISSUED PURSUANT TO THIS SECTION.

40 D. A LICENSE IS NOT ASSIGNABLE OR TRANSFERRABLE.

41 E. A LICENSED AGENT OR LICENSED AGENT'S EMPLOYEE MAY SELL LOTTERY
42 TICKETS OR SHARES ONLY ON THE PREMISES STATED IN THE LICENSE OF THE AGENT.

43 F. THE DIRECTOR MAY PURCHASE A BLANKET BOND COVERING THE ACTIVITIES OF
44 LICENSED AGENTS.

G. A LICENSED AGENT SHALL DISPLAY THE LICENSED AGENT'S LICENSE OR A COPY OF THE LICENSE CONSPICUOUSLY IN ACCORDANCE WITH THE RULES PRESCRIBED BY THE DIRECTOR.

H. IF A LICENSED AGENT SELLS LOTTERY TICKETS OR SHARES ON LEASED PREMISES AND ALL OR PART OF THE AGENT'S RENTAL PAYMENTS ARE BASED ON THE TOTAL VOLUME OF SALES MADE AT THE PREMISES, THE COMPENSATION PAID BY THE STATE LOTTERY COMMISSION TO THE AGENT FOR THE SALE OF TICKETS AND SHARES IS THE AMOUNT OF THE SALE FOR THE PURPOSES OF DETERMINING THE AGENT'S RENTAL PAYMENTS. THIS SUBSECTION DOES NOT APPLY IF THE LEASE AGREEMENT EXPRESSLY PROVIDES THAT THE TOTAL VOLUME OF SALES MADE AT THE PREMISES INCLUDES SALES OF LOTTERY TICKETS OR SHARES.

I. THE COMMISSION SHALL ADOPT RULES TO ESTABLISH PENALTIES FOR A LICENSED AGENT WHO VIOLATES SECTION 5-565 OR 5-565.01. THE PENALTY FOR A SUBSEQUENT VIOLATION WITHIN ANY TWELVE MONTH PERIOD SHALL BE MORE SEVERE THAN THE PENALTY FOR A PRIOR VIOLATION.

J. THE DIRECTOR SHALL NOT REQUIRE A LICENSED AGENT, AS A CONDITION OF SECURING OR CONTINUING TO HOLD A LICENSE TO SELL LOTTERY TICKETS OR SHARES TO THE PUBLIC, TO SELL SUCH TICKETS OR SHARES THROUGH OR BY THE USE OF A SELF-SERVICE VENDING MACHINE AT THE LICENSED AGENT'S PREMISES.

K. FOR THE PURPOSES OF THIS SECTION, ACTS OR OMISSIONS OF AN EMPLOYEE AT THE PREMISES OF A LICENSED AGENT OR SALES OF TICKETS OR SHARES BY A SELF-SERVICE VENDING MACHINE IN VIOLATION OF SECTION 5-565 OR 5-565.01 SHALL BE DEEMED ACTS OR OMISSIONS OF THE LICENSED AGENT ONLY AT THE PREMISES WHERE THE ACTS, OMISSIONS OR SALES OCCURRED.

L. FOR THE PURPOSES OF THIS SECTION:

1. "PERSON" MEANS AN INDIVIDUAL, ASSOCIATION, CORPORATION, CLUB, TRUST, ESTATE, SOCIETY, COMPANY, JOINT STOCK COMPANY, RECEIVER, TRUSTEE OR REFEREE, ANY OTHER PERSON ACTING IN A FIDUCIARY OR REPRESENTATIVE CAPACITY WHO IS APPOINTED BY A COURT, OR ANY COMBINATION OF INDIVIDUALS. PERSON INCLUDES ANY DEPARTMENT, COMMISSION, AGENCY OR INSTRUMENTALITY OF THIS STATE, INCLUDING ANY COUNTY, CITY OR TOWN AND ANY AGENCY OR INSTRUMENTALITY OF THIS STATE OR OF A COUNTY, CITY OR TOWN.

2. "PREMISES" MEANS THE PHYSICAL LOCATION AND ADDRESS LISTED ON THE LICENSE OF THE LICENSED AGENT WHERE LOTTERY TICKETS OR SHARES MAY BE SOLD.

5-562.01. Prosecution; payment of costs

A. THE ATTORNEY GENERAL AND COUNTY ATTORNEYS HAVE CONCURRENT PROSECUTION AUTHORITY FOR ANY OFFENSE ARISING OUT OF OR IN CONNECTION WITH THE FORMATION, MANAGEMENT, OPERATION OR CONDUCT OF THE STATE LOTTERY.

B. THE DIRECTOR SHALL INCLUDE, AS AN EXPENSE OF THE COMMISSION, ALL COSTS INCURRED BY THE ATTORNEY GENERAL OR A COUNTY ATTORNEY AS A RESULT OF PROSECUTION OF A PERSON FOR A VIOLATION OF THE PROVISIONS OF THIS ARTICLE OR FOR ANY VIOLATION DIRECTLY OR INDIRECTLY RELATED TO THE STATE LOTTERY OPERATION. THE DIRECTOR SHALL AUTHORIZE REIMBURSEMENT OF PROSECUTION COSTS ON PRESENTATION OF A CERTIFIED INVOICE SIGNED BY THE ATTORNEY GENERAL OR A COUNTY ATTORNEY.

C. AS USED IN THIS SECTION PROSECUTION COSTS MAY INCLUDE BUT ARE NOT LIMITED TO COSTS FOR PERSONNEL, EXPENSES, FEES AND OTHER COSTS NECESSARY IN THE PREPARATION AND PROSECUTION OF A PERSON CHARGED WITH A VIOLATION OF THE PROVISIONS OF THIS ARTICLE.

5-563. Right to prize not assignable; exceptions

A. THE RIGHT OF ANY PERSON TO A PRIZE IS NOT ASSIGNABLE, EXCEPT THAT:

1. PAYMENT OF ANY PRIZE DRAWN OR THE REMAINDER OF ANY ANNUITY PURCHASED MAY BE PAID TO ANY OF THE FOLLOWING:

(a) THE ESTATE OF A DECEASED PRIZE WINNER.

(b) THE BENEFICIARY OF A DECEASED PRIZE WINNER.

(c) A PERSON PURSUANT TO AN APPROPRIATE JUDICIAL ORDER.

2. PAYMENTS TO WINNERS IN AN AMOUNT OF SIX HUNDRED DOLLARS OR MORE ARE SUBJECT TO SETOFF PURSUANT TO SECTION 5-575.

3. IN THE EVENT OF A VOLUNTARY ASSIGNMENT, THE REMAINDER OF ANY ANNUITY, OR A PORTION OF THE REMAINDER OF THE ANNUITY, MAY BE ASSIGNED BY A PRIZE WINNER PURSUANT TO AN APPROPRIATE JUDICIAL ORDER IF ALL OF THE FOLLOWING CONDITIONS ARE MET:

(a) THE PRIZE WINNER PROVIDES AN AFFIDAVIT TO THE COURT TO THE EFFECT THAT THE AFFIANT IS OF SOUND MIND IS, NOT ACTING UNDER DURESS AND HAS RECEIVED INDEPENDENT FINANCIAL AND TAX ADVICE CONCERNING THE ASSIGNMENT.

(b) THE ASSIGNEE PAYS THE PRIZE WINNER A LUMP SUM FOR ALL AMOUNTS THAT ARE DUE TO THE PRIZE WINNER UNDER THE ASSIGNMENT AGREEMENT ON OR BEFORE THE DATE THAT THE ASSIGNMENT TAKES EFFECT.

(c) THE PARTIES TO THE ASSIGNMENT PAY A FEE TO THE COMMISSION TO DEFRAY THE EXPENSES INCURRED BY THE COMMISSION IN PROCESSING THE ASSIGNMENT. THE COMMISSION SHALL DETERMINE THE AMOUNT OF THE FEE. MONIES COLLECTED BY THE COMMISSION PURSUANT TO THIS SUBDIVISION SHALL BE DEPOSITED IN THE STATE LOTTERY FUND ESTABLISHED BY SECTION 5-571.

B. ON RECEIPT OF A COURT ORDER THAT MEETS THE REQUIREMENTS OF SUBSECTION A, PARAGRAPH 3 OF THIS SECTION, THE DIRECTOR SHALL MAKE THE VOLUNTARY ASSIGNMENT.

C. THE COMMISSION AND DIRECTOR SHALL BE DISCHARGED OF ALL FURTHER LIABILITY UPON PAYMENT OF A PRIZE PURSUANT TO THIS SECTION.

5-564. Sale at unauthorized price or by unauthorized persons; violation; classification

A. A PERSON SHALL NOT SELL A TICKET OR SHARE AT A PRICE GREATER THAN THAT FIXED BY RULE. A PERSON OTHER THAN A LICENSED LOTTERY SALES AGENT OR ANY EMPLOYEE OF AN AGENT ACTING WITHIN THE SCOPE OF HIS EMPLOYMENT SHALL NOT SELL LOTTERY TICKETS OR SHARES. THIS SECTION DOES NOT PROHIBIT A PERSON FROM GIVING LOTTERY TICKETS OR SHARES TO ANOTHER PERSON AS A GIFT.

B. A PERSON WHO VIOLATES THIS SECTION IS GUILTY OF A CLASS 1 MISDEMEANOR.

5-565. Sale of tickets or shares to underage persons; violation; classification

A. IT IS UNLAWFUL FOR A PERSON TO SELL OR OFFER TO SELL A LOTTERY TICKET OR SHARE TO ANY PERSON WHO IS UNDER THE AGE OF TWENTY-ONE YEARS.

1 B. A PERSON WHO VIOLATES THIS SECTION IS GUILTY OF A CLASS 3
2 MISDEMEANOR.

3 5-565.01. Sale to persons using state issued electronic
4 benefits transfer cards; violation; classification

5 A. IT IS UNLAWFUL FOR A LICENSED AGENT TO SELL A LOTTERY TICKET OR
6 SHARE TO A PERSON WHO USES EITHER A PUBLIC ASSISTANCE VOUCHER ISSUED BY ANY
7 PUBLIC ENTITY OR AN ELECTRONIC BENEFITS TRANSFER CARD ISSUED BY THE
8 DEPARTMENT OF ECONOMIC SECURITY TO PURCHASE THE TICKET OR SHARE.

9 B. IT IS UNLAWFUL FOR A LICENSED AGENT TO SELL A LOTTERY TICKET OR
10 SHARE DURING THE SAME TRANSACTION IN WHICH A PERSON USES EITHER A PUBLIC
11 ASSISTANCE VOUCHER ISSUED BY ANY PUBLIC ENTITY OR AN ELECTRONIC BENEFITS
12 TRANSFER CARD ISSUED BY THE DEPARTMENT OF ECONOMIC SECURITY.

13 C. A PERSON WHO VIOLATES THIS SECTION IS GUILTY OF A CLASS 3
14 MISDEMEANOR.

15 5-565.02. Purchase of lottery tickets or shares by minors

16 IT IS UNLAWFUL FOR A PERSON UNDER TWENTY-ONE YEARS OF AGE TO PURCHASE A
17 LOTTERY TICKET OR SHARE.

18 5-566. Alteration of lottery tickets; violation; classification

19 ANY PERSON WHO, WITH INTENT TO DEFRAUD, FALSELY MAKES, ALTERS, FORGES,
20 UTTERS, PASSES OR COUNTERFEITS A STATE LOTTERY TICKET OR SHARE IS GUILTY OF A
21 CLASS 3 FELONY.

22 5-567. Purchase of tickets and receipt of prizes by certain
23 persons prohibited

24 A. A LOTTERY TICKET OR SHARE MAY NOT BE PURCHASED BY AND A PRIZE MAY
25 NOT BE PAID TO AN OFFICER OR EMPLOYEE OF THE COMMISSION OR TO ANY SPOUSE,
26 CHILD, BROTHER, SISTER OR PARENT RESIDING AS A MEMBER OF THE SAME HOUSEHOLD
27 IN THE PRINCIPAL PLACE OF RESIDENCE OF SUCH OFFICER OR EMPLOYEE.

28 B. A LOTTERY TICKET OR SHARE MAY NOT BE PURCHASED BY AND A PRIZE MAY
29 NOT BE PAID TO ANY OF THE FOLLOWING PERSONS:

30 1. AN OFFICER OR EMPLOYEE OF ANY PERSON CONTRACTING WITH THE
31 COMMISSION TO SUPPLY GAMING EQUIPMENT OR LOTTERY TICKETS, ADVERTISING OR
32 CONSULTING SERVICES OR TO DRAW OR OTHERWISE SELECT WINNING TICKETS OR SHARES
33 IF THE OFFICER OR EMPLOYEE IS INVOLVED IN THE DIRECT PROVISION OF GOODS OR
34 SERVICES TO THE COMMISSION OR HAS ACCESS TO INFORMATION MADE CONFIDENTIAL BY
35 THE COMMISSION.

36 2. A SPOUSE, CHILD, BROTHER, SISTER OR PARENT RESIDING AS A MEMBER OF
37 THE SAME HOUSEHOLD IN THE PRINCIPAL PLACE OF RESIDENCE OF A PERSON DESCRIBED
38 IN PARAGRAPH 1.

39 3. THE IMMEDIATE SUPERVISOR OF A PERSON DESCRIBED IN PARAGRAPH 1.

40 5-568. Disposition of unclaimed prize money

41 UNCLAIMED PRIZE MONEY FOR THE PRIZE ON A WINNING TICKET OR SHARE SHALL
42 BE RETAINED FOR THE PERSON ENTITLED TO THE PRIZE FOR ONE HUNDRED EIGHTY DAYS
43 AFTER THE DRAWING IN WHICH THE PRIZE WAS WON IN THE CASE OF A DRAWING PRIZE
44 AND FOR ONE HUNDRED EIGHTY DAYS AFTER THE ANNOUNCED END OF THE GAME IN
45 QUESTION IN THE CASE OF A PRIZE DETERMINED IN ANY MANNER OTHER THAN BY MEANS
46 OF A DRAWING. IF A CLAIM IS NOT MADE FOR THE MONEY WITHIN THE APPLICABLE

PERIOD, SEVENTY PER CENT OF THE PRIZE MONEY SHALL BE HELD IN THE STATE LOTTERY PRIZE FUND FOR USE AS ADDITIONAL PRIZES IN FUTURE GAMES AND THIRTY PER CENT SHALL BE TRANSFERRED MONTHLY TO THE COURT APPOINTED SPECIAL ADVOCATE FUND ESTABLISHED BY SECTION 8-524.

5-569. Lottery redemption agents

THE DIRECTOR MAY MAKE ARRANGEMENTS FOR REDEMPTION AGENTS TO PERFORM FUNCTIONS, ACTIVITIES OR SERVICES IN CONNECTION WITH THE OPERATION OF THE LOTTERY, INCLUDING DIRECT PAYMENT OF PRIZES NOT EXCEEDING FIVE THOUSAND DOLLARS, AS HE DEEMS ADVISABLE PURSUANT TO THIS CHAPTER AND THE RULES PROMULGATED UNDER THIS CHAPTER. THE DIRECTOR MAY MAKE ARRANGEMENTS FOR PAYMENT OF REASONABLE FEES FOR SUCH SERVICES. NOTWITHSTANDING ANY OTHER STATUTE, SUCH FUNCTIONS, ACTIVITIES OR SERVICES CONSTITUTE LAWFUL FUNCTIONS, ACTIVITIES AND SERVICES OF BANKS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS.

5-570. Award of prize to certain persons prohibited

NO PRIZE MAY BE PAID ON ANY WINNING TICKET OR SHARE TO ANY PERSON WHO IS UNDER TWENTY-ONE YEARS OF AGE.

5-571. State lottery fund

THE STATE LOTTERY FUND IS ESTABLISHED CONSISTING OF ALL REVENUES RECEIVED FROM THE SALE OF LOTTERY TICKETS OR SHARES, INCLUDING REVENUES FROM GAMES AUTHORIZED PURSUANT TO SECTION 5-554, SUBSECTIONS G AND H, THE FEES, IF ANY, CHARGED PURSUANT TO SECTION 5-554 AND ALL OTHER MONIES CREDITED OR TRANSFERRED FROM ANY OTHER FUND OR SOURCE PURSUANT TO STATUTE, WITH THE EXCEPTION OF THOSE MONIES APPORTIONED FOR PAYMENT OF PRIZES AND DEPOSITED AS PROVIDED IN SECTION 5-573.

5-572. Use of monies in state lottery fund: report

A. IF THERE ARE ANY BONDS OR BOND RELATED OBLIGATIONS PAYABLE FROM THE STATE LOTTERY REVENUE BOND DEBT SERVICE FUND, THE STATE LOTTERY REVENUE BOND DEBT SERVICE FUND SHALL BE SECURED BY A FIRST LIEN ON THE MONIES IN THE STATE LOTTERY FUND AFTER THE PAYMENT OF OPERATING COSTS OF THE LOTTERY, AS PRESCRIBED IN SECTION 5-555, SUBSECTION A, PARAGRAPH 1, UNTIL THE STATE LOTTERY BOND DEBT SERVICE FUND CONTAINS SUFFICIENT MONIES TO MEET ALL THE REQUIREMENTS FOR THE CURRENT PERIOD AS REQUIRED BY THE BOND DOCUMENTS. DEBT SERVICE FOR REVENUE BONDS ISSUED PURSUANT TO THIS CHAPTER SHALL BE PAID FIRST FROM MONIES THAT WOULD HAVE OTHERWISE BEEN DEPOSITED PURSUANT TO THIS SECTION IN THE STATE GENERAL FUND. AFTER THE REQUIREMENTS FOR THE CURRENT PERIOD HAVE BEEN SATISFIED AS REQUIRED BY THE BOND DOCUMENTS, THE MONIES IN THE STATE LOTTERY FUND SHALL BE EXPENDED ONLY FOR THE FOLLOWING PURPOSES AND IN THE ORDER PROVIDED:

1. FOR THE EXPENSES OF THE COMMISSION INCURRED IN CARRYING OUT ITS POWERS AND DUTIES AND IN THE OPERATION OF THE LOTTERY.

2. FOR PAYMENT TO THE COMMERCE AND ECONOMIC DEVELOPMENT COMMISSION FUND ESTABLISHED BY SECTION 41-1505.10 OF NOT LESS THAN TWENTY-ONE AND ONE-HALF PER CENT OF THE REVENUES RECEIVED FROM THE SALE OF TWO SPECIAL LOTTERY GAMES CONDUCTED FOR THE BENEFIT OF ECONOMIC DEVELOPMENT.

1 3. EXCEPT AS PROVIDED IN SUBSECTION F OF THIS SECTION, FOR PAYMENT TO
2 THE LOCAL TRANSPORTATION ASSISTANCE FUND ESTABLISHED BY SECTION 28-8101 OF
3 NOT LESS THAN NINE MILLION DOLLARS, INCREASING EACH YEAR THAT TOTAL REVENUES
4 TO THE STATE LOTTERY FUND INCREASE UP TO A MAXIMUM OF EIGHTEEN MILLION
5 DOLLARS EACH FISCAL YEAR, EXCEPT THAT PAYMENTS PURSUANT TO THIS PARAGRAPH
6 SHALL NOT INCREASE BY MORE THAN TEN PER CENT PER YEAR.

7 B. OF THE MONIES REMAINING IN THE STATE LOTTERY FUND AFTER THE
8 APPROPRIATIONS AUTHORIZED IN SUBSECTION A OF THIS SECTION, UP TO A MAXIMUM OF
9 TWENTY-THREE MILLION DOLLARS EACH FISCAL YEAR SHALL BE DEPOSITED IN THE LOCAL
10 TRANSPORTATION ASSISTANCE FUND ESTABLISHED BY SECTION 28-8101 AND UP TO A
11 MAXIMUM OF SEVEN MILLION SIX HUNDRED FIFTY THOUSAND DOLLARS EACH FISCAL YEAR
12 SHALL BE DEPOSITED IN THE COUNTY ASSISTANCE FUND ESTABLISHED BY SECTION
13 41-175. MONIES DISTRIBUTED PURSUANT TO THIS SUBSECTION SHALL BE IN ADDITION
14 TO MONIES DISTRIBUTED PURSUANT TO SUBSECTION A, PARAGRAPH 3 OF THIS SECTION.

15 C. NOTWITHSTANDING SUBSECTION B OF THIS SECTION, IF THE STATE LOTTERY
16 DIRECTOR DETERMINES AT THE BEGINNING OF ANY FISCAL YEAR THAT MONIES AVAILABLE
17 TO CITIES, TOWNS AND COUNTIES UNDER THIS SECTION MAY NOT EQUAL THIRTY MILLION
18 SIX HUNDRED FIFTY THOUSAND DOLLARS, THE DIRECTOR SHALL NOT AUTHORIZE DEPOSITS
19 TO THE COUNTY ASSISTANCE FUND UNTIL THE DEPOSITS TO THE LOCAL TRANSPORTATION
20 ASSISTANCE FUND EQUAL TWENTY-THREE MILLION DOLLARS.

21 D. OF THE MONIES REMAINING IN THE STATE LOTTERY FUND EACH FISCAL YEAR
22 AFTER APPROPRIATIONS AND DEPOSITS AUTHORIZED IN SUBSECTIONS A, B AND C OF
23 THIS SECTION, TEN MILLION DOLLARS SHALL BE DEPOSITED IN THE ARIZONA STATE
24 PARKS BOARD HERITAGE FUND ESTABLISHED BY SECTION 41-502 AND TEN MILLION
25 DOLLARS SHALL BE DEPOSITED IN THE ARIZONA GAME AND FISH COMMISSION HERITAGE
26 FUND ESTABLISHED BY SECTION 17-297.

27 E. OF THE MONIES REMAINING IN THE STATE LOTTERY FUND EACH FISCAL YEAR
28 AFTER APPROPRIATIONS AND DEPOSITS AUTHORIZED IN SUBSECTIONS A, B, C AND D OF
29 THIS SECTION, AND APPROPRIATIONS AND DEPOSITS TO THE LOCAL TRANSPORTATION
30 ASSISTANCE FUND AUTHORIZED BY THIS SECTION, FIVE MILLION DOLLARS SHALL BE
31 ALLOCATED TO THE DEPARTMENT OF ECONOMIC SECURITY FOR THE HEALTHY FAMILIES
32 PROGRAM ESTABLISHED BY SECTION 8-701, FOUR MILLION DOLLARS SHALL BE ALLOCATED
33 TO THE ARIZONA BOARD OF REGENTS FOR THE ARIZONA AREA HEALTH EDUCATION SYSTEM
34 ESTABLISHED BY SECTION 15-1643, THREE MILLION DOLLARS SHALL BE ALLOCATED TO
35 THE DEPARTMENT OF HEALTH SERVICES TO FUND THE TEENAGE PREGNANCY PREVENTION
36 PROGRAMS ESTABLISHED IN LAWS 1995, CHAPTER 190, SECTIONS 2 AND 3, TWO MILLION
37 DOLLARS SHALL BE ALLOCATED TO THE DEPARTMENT OF HEALTH SERVICES FOR THE
38 HEALTH START PROGRAM ESTABLISHED BY SECTION 36-697, TWO MILLION DOLLARS SHALL
39 BE DEPOSITED IN THE DISEASE CONTROL RESEARCH FUND ESTABLISHED BY SECTION
40 36-274 AND ONE MILLION DOLLARS SHALL BE ALLOCATED TO THE DEPARTMENT OF HEALTH
41 SERVICES FOR THE FEDERAL WOMEN, INFANTS AND CHILDREN FOOD PROGRAM. THE
42 ALLOCATIONS IN THIS SUBSECTION SHALL BE ADJUSTED ANNUALLY ACCORDING TO
43 CHANGES IN THE GDP PRICE DEFLATOR AS DEFINED IN SECTION 41-563 AND THE
44 ALLOCATIONS ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190, RELATING TO
45 LAPSING OF APPROPRIATIONS. IF THERE ARE NOT SUFFICIENT MONIES AVAILABLE

1 PURSUANT TO THIS SUBSECTION, THE ALLOCATION OF MONIES FOR EACH PROGRAM SHALL
2 BE REDUCED ON A PRO RATA BASIS.

3 F. NOTWITHSTANDING SUBSECTION A, PARAGRAPH 3 OF THIS SECTION, IF THE
4 STATE LOTTERY DIRECTOR DETERMINES THAT MONIES AVAILABLE TO THE STATE GENERAL
5 FUND MAY NOT EQUAL THIRTY-ONE MILLION DOLLARS IN A FISCAL YEAR, THE DIRECTOR
6 SHALL NOT AUTHORIZE DEPOSITS TO THE LOCAL TRANSPORTATION ASSISTANCE FUND
7 PURSUANT TO SUBSECTION A, PARAGRAPH 3 OF THIS SECTION UNTIL THE DEPOSITS TO
8 THE STATE GENERAL FUND EQUAL THIRTY-ONE MILLION DOLLARS IN A FISCAL YEAR.

9 G. OF THE MONIES REMAINING IN THE STATE LOTTERY FUND EACH FISCAL YEAR
10 AFTER APPROPRIATIONS AND DEPOSITS AUTHORIZED IN SUBSECTIONS A THROUGH F OF
11 THIS SECTION, ONE MILLION DOLLARS OR THE REMAINING BALANCE IN THE FUND,
12 WHICHEVER IS LESS, IS APPROPRIATED TO THE DEPARTMENT OF ECONOMIC SECURITY FOR
13 GRANTS TO NONPROFIT ORGANIZATIONS, INCLUDING FAITH BASED ORGANIZATIONS, FOR
14 HOMELESS EMERGENCY AND TRANSITIONAL SHELTERS AND RELATED SUPPORT SERVICES.
15 THE DEPARTMENT OF ECONOMIC SECURITY SHALL SUBMIT A REPORT ON THE AMOUNTS,
16 RECIPIENTS, PURPOSES AND RESULTS OF EACH GRANT TO THE GOVERNOR, THE SPEAKER
17 OF THE HOUSE OF REPRESENTATIVES AND THE PRESIDENT OF THE SENATE ON OR BEFORE
18 DECEMBER 31 OF EACH YEAR FOR THE PRIOR FISCAL YEAR AND SHALL PROVIDE A COPY
19 OF THIS REPORT TO THE SECRETARY OF STATE.

20 H. OF THE MONIES REMAINING IN THE STATE LOTTERY FUND EACH FISCAL YEAR
21 AFTER APPROPRIATIONS AND DEPOSITS AUTHORIZED IN SUBSECTIONS A THROUGH G OF
22 THIS SECTION, AND AFTER A TOTAL OF AT LEAST FORTY-SIX MILLION FOUR HUNDRED
23 NINETY THOUSAND DOLLARS HAS BEEN DEPOSITED IN THE STATE GENERAL FUND, THE
24 REMAINING BALANCE IN THE STATE LOTTERY FUND SHALL BE DEPOSITED IN THE
25 UNIVERSITY CAPITAL IMPROVEMENT LEASE-TO-OWN AND BOND FUND ESTABLISHED BY
26 SECTION 15-1682.03, UP TO A MAXIMUM OF EIGHTY PER CENT OF THE TOTAL ANNUAL
27 PAYMENTS OF LEASE-TO-OWN AND BOND AGREEMENTS ENTERED INTO BY THE ARIZONA
28 BOARD OF REGENTS.

29 I. ALL MONIES REMAINING IN THE STATE LOTTERY FUND AFTER THE
30 APPROPRIATIONS AND DEPOSITS AUTHORIZED IN THIS SECTION SHALL BE DEPOSITED IN
31 THE STATE GENERAL FUND.

32 J. EXCEPT FOR MONIES EXPENDED FOR PRIZES AS PROVIDED IN SECTION 5-554,
33 SUBSECTION G AND SECTION 41-1505.10 AND FOR DEBT SERVICE OF REVENUE BONDS AS
34 PROVIDED IN SUBSECTION A OF THIS SECTION, MONIES EXPENDED UNDER SUBSECTION A
35 OF THIS SECTION ARE SUBJECT TO LEGISLATIVE APPROPRIATION.

36 5-573. State lottery prize fund; setoff for state debts;
37 notification to department of economic security

38 A. THE STATE LOTTERY PRIZE FUND IS ESTABLISHED. THAT PORTION OF THE
39 GROSS PROCEEDS WHICH IS APPORTIONED PURSUANT TO SECTION 5-555, SUBSECTION B
40 SHALL BE DEPOSITED, PURSUANT TO SECTIONS 35-146 AND 35-147, DIRECTLY IN THE
41 STATE LOTTERY PRIZE FUND AS THE COMMISSION RECEIVES SUCH PROCEEDS AND SHALL
42 BE AVAILABLE FOR PAYMENT OF PRIZES TO THE HOLDERS OF WINNING TICKETS OR
43 SHARES OR FOR THE OTHER PURPOSES PROVIDED FOR IN SECTION 5-568. PROCEDURES
44 FOR PAYMENTS TO WINNERS FROM THIS FUND SHALL BE ESTABLISHED BY RULE OR ORDER
45 OF THE COMMISSION. NOTWITHSTANDING ANY OTHER STATUTE, TRANSFERS OR PAYMENTS
46 TO OR FROM THE STATE LOTTERY PRIZE FUND ARE NOT APPROPRIATIONS BY THE

1 LEGISLATURE, AND DEPOSITS IN THE STATE LOTTERY PRIZE FUND ARE NOT SUBJECT TO
2 APPROPRIATION BY THE LEGISLATURE.

3 B. PAYMENTS TO WINNERS WHICH ARE PAYABLE BY THE COMMISSION OR LOTTERY
4 REDEMPTION AGENTS PURSUANT TO THIS SECTION IN AN AMOUNT OF SIX HUNDRED
5 DOLLARS OR MORE ARE SUBJECT TO SETOFF UNDER SECTION 5-575.

6 C. THE COMMISSION SHALL FURNISH THE DEPARTMENT OF ECONOMIC SECURITY
7 WITH THE NAMES AND THE SOCIAL SECURITY NUMBERS OF PERSONS WHO ARE PAID
8 LOTTERY PRIZES OR WINNINGS IN AN AMOUNT OF SIX HUNDRED DOLLARS OR MORE
9 PURSUANT TO THIS SECTION FOR PURPOSES PRESCRIBED BY SECTION 41-1965. THE
10 DEPARTMENT OF ECONOMIC SECURITY SHALL PAY THE COMMISSION FOR THE COST OF
11 FURNISHING THE INFORMATION.

12 5-574. Audit of accounts

13 THE CERTIFIED PUBLIC ACCOUNTANT HIRED TO PERFORM THE ANNUAL AUDIT UNDER
14 SECTION 5-555, SUBSECTION A, PARAGRAPH 2 SHALL CONDUCT POSTAUDITS OF ALL
15 ACCOUNTS AND TRANSACTIONS OF THE COMMISSION FOR EACH LOTTERY GAME. THE
16 CERTIFIED PUBLIC ACCOUNTANT CONDUCTING AN AUDIT UNDER THIS CHAPTER SHALL HAVE
17 ACCESS AND AUTHORITY TO EXAMINE ANY AND ALL RECORDS OF THE COMMISSION, ITS
18 REDEMPTION AGENTS AND ITS LICENSEES.

19 5-575. Prizes; setoff for debts to state agencies; definitions

20 A. THE COMMISSION SHALL ESTABLISH A LIABILITY SETOFF PROGRAM BY WHICH
21 STATE LOTTERY PRIZE PAYMENTS PURSUANT TO SECTION 5-573 MAY BE USED TO SATISFY
22 DEBTS WHICH A PERSON OWES THIS STATE. THE PROGRAM SHALL COMPLY WITH THE
23 STANDARDS AND REQUIREMENTS PRESCRIBED BY THIS SECTION.

24 B. IF A PERSON OWES AN AGENCY A DEBT, AN AGENCY MAY NOTIFY THE
25 COMMISSION, FURNISHING AT LEAST THE STATE AGENCY OR PROGRAM IDENTIFIER, THE
26 FIRST NAME, LAST NAME, MIDDLE INITIAL AND SOCIAL SECURITY NUMBER OF THE
27 DEBTOR, AND THE AMOUNT OF THE DEBT. THIS INFORMATION SHALL BE IN THE FORM
28 THE COMMISSION PRESCRIBES. EACH AGENCY SHALL CERTIFY THE INFORMATION AND
29 UPDATE THE INFORMATION MONTHLY. NO INFORMATION MAY BE TRANSMITTED BY THE
30 DEPARTMENT OF REVENUE TO THE COMMISSION IF THE TRANSMISSION WOULD
31 VIOLATE TITLE 42, CHAPTER 2, ARTICLE 1.

32 C. THE COMMISSION SHALL MATCH THE INFORMATION SUBMITTED BY THE AGENCY
33 WITH PERSONS WHO ARE ENTITLED TO A STATE LOTTERY PRIZE PAYMENT IN AN AMOUNT
34 OF SIX HUNDRED DOLLARS OR MORE. IF THERE IS A MATCH, THE COMMISSION SHALL
35 SET OFF THE AMOUNT OF THE DEBT FROM THE PRIZE DUE AND NOTIFY THE PERSON OF
36 THE PERSON'S RIGHT TO APPEAL TO THE APPROPRIATE COURT, OR TO REQUEST A REVIEW
37 BY THE AGENCY PURSUANT TO AGENCY RULE. THE PERSON SHALL MAKE SUCH A REQUEST
38 OR APPEAL WITHIN THIRTY DAYS AFTER THE SETOFF. IF THE SETOFF ACCOUNTS FOR
39 ONLY A PORTION OF THE PRIZE DUE, THE REMAINDER OF THE PRIZE SHALL BE PAID TO
40 THE PERSON. THE COMMISSION SHALL PROMPTLY TRANSFER THE SETOFF, LESS THE
41 AMOUNT OF THE COMMISSION'S FEE, TO THE AGENCY.

42 D. IF A PERSON REQUESTS A REVIEW BY THE AGENCY OR PROVIDES THE AGENCY
43 WITH PROOF THAT AN APPEAL HAS BEEN TAKEN TO THE APPROPRIATE COURT WITHIN
44 THIRTY DAYS AFTER THE SETOFF AND IT IS DETERMINED THAT THE SETOFF WAS MADE IN
45 ERROR UNDER THIS SECTION, THE AGENCY SHALL REIMBURSE THE PERSON WITH INTEREST
46 AS DETERMINED PURSUANT TO SECTION 42-1123.

E. THE BASIS FOR A REQUEST FOR REVIEW SHALL NOT INCLUDE THE VALIDITY OF THE CLAIM IF ITS VALIDITY HAS BEEN ESTABLISHED AT AN AGENCY HEARING, BY JUDICIAL REVIEW IN A COURT OF COMPETENT JURISDICTION IN THIS OR ANY OTHER STATE OR BY FINAL ADMINISTRATIVE DECISION AND SHALL STATE WITH SPECIFICITY WHY THE PERSON CLAIMS THE OBLIGATION DOES NOT EXIST OR WHY THE AMOUNT OF THE OBLIGATION IS INCORRECT.

F. THE COMMISSION MAY PRESCRIBE A FEE TO BE COLLECTED FROM EACH AGENCY UTILIZING THE SETOFF PROCEDURE. THE AMOUNT OF THE FEE SHALL REASONABLY REFLECT THE ACTUAL COST OF THE SERVICE PROVIDED.

G. IF AGENCIES HAVE TWO OR MORE DELINQUENT ACCOUNTS FOR THE SAME PERSON, THE COMMISSION SHALL APPORTION THE PRIZE EQUALLY AMONG THEM, EXCEPT THAT A SETOFF TO THE DEPARTMENT OF ECONOMIC SECURITY FOR OVERDUE SUPPORT HAS PRIORITY OVER ALL OTHER SETOFFS.

H. IF THE PRIZE IS INSUFFICIENT TO SATISFY THE ENTIRE DEBT, THE REMAINDER OF THE DEBT MAY BE COLLECTED BY THE AGENCY AS PROVIDED BY LAW OR RESUBMITTED FOR SETOFF AGAINST ANY OTHER PRIZE AWARDED.

I. AN AGENCY SHALL NOT ENTER INTO AN AGREEMENT WITH A DEBTOR FOR THE ASSIGNMENT OF ANY PROSPECTIVE PRIZE TO THE AGENCY IN SATISFACTION OF THE DEBT.

J. IN THIS SECTION:

1. "AGENCY" MEANS A DEPARTMENT, AGENCY, BOARD, COMMISSION OR INSTITUTION OF THIS STATE. AGENCY ALSO MEANS A CORPORATION UNDER CONTRACT WITH THIS STATE THAT PROVIDES A SERVICE THAT WOULD OTHERWISE BE PROVIDED BY A DEPARTMENT, AGENCY, BOARD, COMMISSION OR INSTITUTION OF THIS STATE IF THE CONTRACT SPECIFICALLY AUTHORIZES PARTICIPATION IN THE LIABILITY SETOFF PROGRAM AND THE ATTORNEY GENERAL'S OFFICE HAS REVIEWED THE CONTRACT AND APPROVES OF SUCH AUTHORIZATION. THE PARTICIPATION IN THE LIABILITY SETOFF PROGRAM IS LIMITED TO DEBTS RELATED TO THE SERVICES THE CORPORATION PROVIDES FOR OR ON BEHALF OF THIS STATE.

2. "DEBT" MEANS AN AMOUNT OVER ONE HUNDRED DOLLARS OWED TO AN AGENCY BY A PERSON AND MAY INCLUDE INTEREST, PENALTIES, CHARGES, COSTS, FEES OR ANY OTHER AMOUNT. DEBT ALSO INCLUDES MONIES OWED BY A PERSON FOR OVERDUE SUPPORT AND REFERRED TO THE DEPARTMENT OF ECONOMIC SECURITY FOR COLLECTION.

3. "OVERDUE SUPPORT" MEANS A DELINQUENCY IN COURT ORDERED PAYMENTS FOR SUPPORT OR MAINTENANCE OF A CHILD OR FOR SPOUSAL MAINTENANCE TO THE PARENT WITH WHOM THE CHILD IS LIVING IF CHILD SUPPORT IS ALSO BEING ENFORCED PURSUANT TO AN ASSIGNMENT OR APPLICATION FILED UNDER 42 UNITED STATES CODE SECTION 654 (6).

Sec. 3. Title 41, chapter 27, article 2, Arizona Revised Statutes, is amended by adding section 41-3035.01, to read:

41-3035.01. Arizona state lottery commission; termination July 1, 2035

A. NOTWITHSTANDING THE TEN-YEAR LIMITATION PRESCRIBED IN SECTION 41-2955, SUBSECTION B, THE ARIZONA STATE LOTTERY COMMISSION TERMINATES ON JULY 1, 2035.

B. TITLE 5, CHAPTER 5.1 IS REPEALED ON JANUARY 1, 2036.

1 Sec. 4. Purpose

2 Pursuant to section 41-2955, subsection E, Arizona Revised Statutes,
3 the Arizona state lottery commission is established to oversee a state
4 lottery to produce the maximum amount of net revenue for the state consonant
5 with the dignity of the state.

6 Sec. 5. Initial terms of members of the Arizona state lottery
7 commission

8 A. Notwithstanding section 5-552, Arizona Revised Statutes, as added
9 by this act, the initial terms of the members of the Arizona state lottery
10 commission are:

- 11 1. One term ending on the third Monday in January, 2013.
- 12 2. One term ending on the third Monday in January, 2014.
- 13 3. One term ending on the third Monday in January, 2015.
- 14 4. One term ending on the third Monday in January, 2016.
- 15 5. One term ending on the third Monday in January, 2017.

16 B. The governor shall make all subsequent appointments as prescribed
17 by statute.

18 Sec. 6. Exemption from the procurement code

19 For the purposes of this act, the Arizona state lottery commission is
20 exempt from the procurement code requirements of title 41, chapter 23,
21 Arizona Revised Statutes, for six months after the effective date of this
22 act.

23 Sec. 7. Exemption from rule making

24 For the purposes of this act, the Arizona state lottery commission is
25 exempt from the rule making requirements of title 41, chapter 6, Arizona
26 Revised Statutes, for six months after the effective date of this act.

27 Sec. 8. Conforming legislation

28 The legislative council staff shall prepare proposed legislation
29 conforming the Arizona Revised Statutes to the provisions of this act for
30 consideration in the fiftieth legislature.

31 Sec. 9. Effective date; condition

32 This act is effective from and after June 30, 2012 only if ____ Bill
33 ____, forty-ninth legislature, sixth special session, relating to revenue
34 bonds and lease-purchase finance, becomes law.