

REFERENCE TITLE: lottery; additional game; revenue allocation

State of Arizona
Senate
Fifty-third Legislature
Second Regular Session
2018

SB 1059

Introduced by
Senator Borrelli

AN ACT

AMENDING SECTION 5-554, ARIZONA REVISED STATUTES; RELATING TO THE STATE LOTTERY.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 5-554, Arizona Revised Statutes, is amended to
3 read:

4 5-554. Commission; director; powers and duties; definitions

5 A. The commission shall meet with the director not less than once
6 each quarter to make recommendations and set policy, receive reports from
7 the director and transact other business properly brought before the
8 commission.

9 B. The commission shall oversee a state lottery to produce the
10 maximum amount of net revenue consonant with the dignity of the state. To
11 achieve these ends, the commission shall authorize the director to adopt
12 rules in accordance with title 41, chapter 6. Rules adopted by the
13 director may include provisions relating to the following:

14 1. Subject to the approval of the commission, the types of lottery
15 games and the types of game play-styles to be conducted.

16 2. The method of selecting the winning tickets or shares for
17 noncomputerized online games, except that no method may be used that, in
18 whole or in part, depends on the results of a dog race, a horse race or
19 any sporting event.

20 3. The manner of payment of prizes to the holders of winning
21 tickets or shares, including providing for payment by the purchase of
22 annuities in the case of prizes payable in installments, except that the
23 commission staff shall examine claims and may not pay any prize based on
24 altered, stolen or counterfeit tickets or based on any tickets that fail
25 to meet established validation requirements, including rules stated on the
26 ticket or in the published game rules, and confidential validation tests
27 applied consistently by the commission staff. No particular prize in a
28 lottery game may be paid more than once, and in the event of a binding
29 determination that more than one person is entitled to a particular prize,
30 the sole remedy of the claimants is the award to each of them of an equal
31 portion of the single prize.

32 4. The method to be used in selling tickets or shares, except that
33 no elected official's name may be printed on such tickets or shares. The
34 overall estimated odds of winning some prize or some cash prize, as
35 appropriate, in a given game shall be printed on each ticket or share.

36 5. The licensing of agents to sell tickets or shares, except that a
37 person who is under eighteen years of age shall not be licensed as an
38 agent.

39 6. The manner and amount of compensation to be paid licensed sales
40 agents necessary to provide for the adequate availability of tickets or
41 shares to prospective buyers and for the convenience of the public,
42 including provision for variable compensation based on sales volume.

1 7. Matters necessary or desirable for the efficient and economical
2 operation and administration of the lottery and for the convenience of the
3 purchasers of tickets or shares and the holders of winning tickets or
4 shares.

5 C. The commission shall authorize the director to issue orders and
6 shall approve orders issued by the director for the necessary operation of
7 the lottery. Orders issued under this subsection may include provisions
8 relating to the following:

9 1. The prices of tickets or shares in lottery games.

10 2. The themes, game play-styles, and names of lottery games and
11 definitions of symbols and other characters used in lottery games, except
12 that each ticket or share in a lottery game shall bear a unique
13 distinguishable serial number.

14 3. The sale of tickets or shares at a discount for promotional
15 purposes.

16 4. The prize structure of lottery games, including the number and
17 size of prizes available. Available prizes may include free tickets in
18 lottery games and merchandise prizes.

19 5. The frequency of drawings, if any, or other selections of
20 winning tickets or shares, except that:

21 (a) All drawings shall be open to the public.

22 (b) The actual selection of winning tickets or shares may not be
23 performed by an employee or member of the commission.

24 (c) Noncomputerized online game drawings shall be witnessed by an
25 independent observer.

26 6. Requirements for eligibility for participation in grand drawings
27 or other runoff drawings, including requirements for the submission of
28 evidence of eligibility within a shorter period than that provided for
29 claims by section 5-568.

30 7. Incentive and bonus programs designed to increase sales of
31 lottery tickets or shares and to produce the maximum amount of net revenue
32 for this state.

33 8. The method used for the validation of a ticket, which may be by
34 physical or electronic presentation of a ticket.

35 D. Notwithstanding title 41, chapter 6 and subsection B of this
36 section, the director, subject to the approval of the commission, may
37 establish a policy, procedure or practice that relates to an existing
38 online game or a new online game that is the same type and has the same
39 type of game play-style as an online game currently being conducted by the
40 lottery or may modify an existing rule for an existing online game or a
41 new online game that is the same type and has the same type of game
42 play-style as an online game currently being conducted by the lottery,
43 including establishing or modifying the matrix for an online game by
44 giving notice of the establishment or modification at least thirty days
45 before the effective date of the establishment or modification.

1 E. The commission shall maintain and make the following information
2 available for public inspection at its offices during regular business
3 hours:

4 1. A detailed listing of the estimated number of prizes of each
5 particular denomination expected to be awarded in any instant game
6 currently on sale.

7 2. After the end of the claim period prescribed by section 5-568, a
8 listing of the total number of tickets or shares sold and the number of
9 prizes of each particular denomination awarded in each lottery game.

10 3. Definitions of all play symbols and other characters used in
11 each lottery game and instructions on how to play and how to win each
12 lottery game.

13 F. Any information that is maintained by the commission and that
14 would assist a person in locating or identifying a winning ticket or share
15 or that would otherwise compromise the integrity of any lottery game is
16 deemed confidential and is not subject to public inspection.

17 G. The commission, in addition to other games authorized by this
18 article, may establish multistate lottery games to be conducted
19 concurrently with other lottery games authorized under subsection B of
20 this section. The monies for prizes, for operating expenses and for
21 payment to the state general fund shall be accounted for separately as
22 nearly as practicable in the lottery commission's general accounting
23 system. The monies shall be derived from the revenues of multistate
24 lottery games.

25 H. The commission, in addition to other games authorized by this
26 article, shall establish special instant ticket games with play areas
27 protected by paper tabs designated for use by charitable organizations.
28 The monies for prizes and for operating expenses shall be accounted for
29 separately as nearly as practicable in the lottery commission's general
30 accounting system. Monies saved from the revenues of the special games,
31 by reason of operating efficiencies, shall become other revenue of the
32 lottery commission and revert to the state general fund, except that the
33 commission shall transfer the proceeds from any games that are sold from a
34 vending machine in an age-restricted area to the state treasurer for
35 deposit in the following amounts:

36 1. Nine hundred thousand dollars each fiscal year in the internet
37 crimes against children enforcement fund established by section 41-199.

38 2. One hundred thousand dollars each fiscal year in the victims'
39 rights enforcement fund established by section 41-1727.

40 3. Any monies in excess of the amounts listed in paragraphs 1 and 2
41 of this subsection, in the state lottery fund established by section
42 5-571.

43 I. The commission or director shall not establish or operate any
44 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 COMMISSION, IN ADDITION TO OTHER GAMES AUTHORIZED BY THIS ARTICLE, MAY ESTABLISH A LOTTERY GAME THAT SHALL BE DESIGNATED THE ARIZONA COPPER STAR GAME AND THAT SHALL BE CONDUCTED AT FOUR-MINUTE INTERVALS. A PLAYER MAY PURCHASE A SINGLE TICKET FOR ONE TO FIVE, TEN, TWENTY, FIFTY OR ONE HUNDRED CONSECUTIVE DRAWS. A PLAYER MAY PURCHASE UP TO TEN NUMBERS BETWEEN ONE AND EIGHTY. A PLAYER IS ELIGIBLE FOR PAYMENT OF PRIZES IF THE PLAYER'S SELECTED NUMBERS MATCH ANY OF THE TWENTY NUMBERS DRAWN, WITH THE VALUE OF THE PRIZES INCREASING IN PROPORTION TO THE NUMBER OF MATCHED NUMBERS SELECTED BY THE PLAYER. THE COMMISSION SHALL ADOPT RULES TO CARRY OUT THE PURPOSES OF THIS SUBSECTION. NOTWITHSTANDING SECTIONS 5-555 AND 5-572, THE TOTAL ANNUAL REVENUES ACCRUING FROM THE ARIZONA COPPER STAR GAME SHALL BE ALLOCATED AS FOLLOWS:

1. FIFTY PERCENT SHALL BE RESERVED FOR THE PAYMENT OF PRIZES TO THE WINNERS OF ARIZONA COPPER STAR GAMES.

2. FIFTY PERCENT SHALL BE TRANSMITTED TO THE STATE TREASURER FOR DEPOSIT IN THE STATE GENERAL FUND AND SHALL BE ALLOCATED AS FOLLOWS:

(a) THE LEGISLATURE SHALL ANNUALLY APPROPRIATE:

(i) FORTY PERCENT OF THESE MONIES TO THE DEPARTMENT OF PUBLIC SAFETY TO BE USED FOR ANY PURPOSE SPECIFIED BY THE DIRECTOR OF THE DEPARTMENT OF PUBLIC SAFETY.

(ii) FORTY PERCENT OF THESE MONIES TO PROVIDE FUNDING FOR KINDERGARTEN PROGRAMS IN PUBLIC SCHOOLS.

(iii) FIVE PERCENT OF THESE MONIES TO THE ATTORNEY GENERAL FOR DEPOSIT IN THE INTERNET CRIMES AGAINST CHILDREN ENFORCEMENT FUND ESTABLISHED BY SECTION 41-199.

(iv) FIVE PERCENT OF THESE MONIES TO THE COUNTIES IN THIS STATE, WITH EACH COUNTY RECEIVING AN EQUAL AMOUNT.

(b) THE REMAINING TEN PERCENT OF THESE MONIES SHALL BE RETAINED IN THE STATE GENERAL FUND AND MAY BE USED FOR ANY PURPOSES PRESCRIBED BY LAW.

~~K.~~ L. 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.~~ M. For the purposes of this section:

2 1. "Charitable organization" means any nonprofit organization,
3 including not more than one auxiliary of that organization, that has
4 operated for charitable purposes in this state for at least two years
5 before submitting a license application under this article.

6 2. "Game play-style" means the process or procedure that a player
7 must follow to determine if a lottery ticket or share is a winning ticket
8 or share.

9 3. "Matrix" means the odds of winning a prize and the prize payout
10 amounts in a given game.