

State of Arizona
House of Representatives
Fifty-third Legislature
Second Regular Session
2018

CHAPTER 72
HOUSE BILL 2331

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~~ THE tickets or
34 shares. The overall estimated odds of winning some prize or some cash
35 prize, as appropriate, in a given game shall be printed on each ticket or
36 share.

37 5. The licensing of agents to sell tickets or shares, except that a
38 person who is under eighteen years of age shall not be licensed as an
39 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,
43 including 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

1 purchasers of tickets or shares and the holders of winning tickets or
2 shares.

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

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

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

12 3. The sale of tickets or shares at a discount for promotional
13 purposes.

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

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

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

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

22 (c) Noncomputerized online game drawings shall be witnessed by an
23 independent observer.

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

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

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

33 D. Notwithstanding title 41, chapter 6 and subsection B of this
34 section, the director, subject to the approval of the commission, may
35 establish a policy, procedure or practice that relates to an existing
36 online game or a new online game that is the same type and has the same
37 type of game play-style as an online game currently being conducted by the
38 lottery or may modify an existing rule for an existing online game or a
39 new online game that is the same type and has the same type of game
40 play-style as an online game currently being conducted by the lottery,
41 including establishing or modifying the matrix for an online game by
42 giving notice of the establishment or modification at least thirty days
43 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~~ MULTIJURISDICTIONAL lottery games to be
19 conducted concurrently with other lottery games authorized under
20 subsection B of this section. The monies for prizes, for operating
21 expenses and for payment to the state general fund shall be accounted for
22 separately as nearly as practicable in the lottery commission's general
23 accounting system. The monies shall be derived from the revenues of
24 ~~multistate~~ MULTIJURISDICTIONAL 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.

1 J. The commission or director shall not establish or operate any
2 lottery game or any type of game play-style, either individually or in
3 combination, that uses gaming devices or video lottery terminals as those
4 terms are used in section 5-601.02, including monitor games that produce
5 or display outcomes or results more than once per hour.

6 K. The director shall print, in a prominent location on each
7 lottery ticket or share, a statement that help is available if a person
8 has a problem with gambling and a toll-free telephone number where problem
9 gambling assistance is available. The director shall require all licensed
10 agents to post a sign with the statement that help is available if a
11 person has a problem with gambling and the toll-free telephone number at
12 the point of sale as prescribed and supplied by the director. ~~The~~
13 ~~requirements of this subsection apply to tickets and shares printed after~~
14 ~~July 18, 2000.~~

15 L. For the purposes of this section:

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

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

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

APPROVED BY THE GOVERNOR MARCH 23, 2018.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 23, 2018.