



REPRESENTATIVE STEVE THOMPSON

House Majority Leader

Serving House District 2 • Fairbanks and North Pole

Sectional Analysis

House Bill 239

"An Act establishing a state lottery; providing for participation in multi-state lotteries; establishing the Alaska State Lottery Board in the Department of Revenue; relating to confidentiality of information regarding lottery winners; requiring background investigations by the Department of Public Safety; and providing for an effective date."

Section 1: Proposed new chapter 18 establishing state lotteries

Article 1. Administration. (pp. 1-5)

Sec. 05.18.010. Creation and membership of the board.

- Establishes a five member board and outlines terms, restrictions, and background checks.

Sec. 05.18.020. Meetings.

- Requires a minimum of one board meeting a quarter and establishes requirements.

Sec. 05.18.030. Duties and powers of board.

- Allows the board to enter into necessary contracts and agreements and adopt necessary regulations to conduct state and multi-state lotteries.
- Requires the board to report to the governor and the legislature on lottery revenue, prize disbursement, and other expenses, as well as issues pertaining to the lottery and matters that may require statutory changes to correct undesirable conditions resulting from the state or multi-state lotteries.
- Requires the board to monitor the operation of state and multi-state lotteries throughout Alaska and to study and investigate the operation and administration of the state and multi-state lottery laws of other states and of federal laws that affect multi-state lotteries.

Sec. 05.18.040. Regulations.

- Requires the board to adopt regulations governing and facilitating lottery operations.

Sec. 05.18.050. Executive director and employees.

- Requires the board to employ an executive director who is capable of conducting the day-to-day work of the board.

February 6, 2020

31-LS1214\M

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- Allows the executive director to employ professional, technical and clerical employees, subject to the approval of the board.
- Prohibits the hiring of lottery employees who hold permits or are registered under other gaming statutes (AS 05.15), who are elected officials or individuals who have been convicted of a felony or a gaming related offense (in AS 11.66.200-11.66.280).
- Requires the executive director to complete the background check process prescribed in section 4 of this bill before they begin employment.

Sec. 05.18.060. Duties of director.

- Defines the duties of the executive director and requires the director to provide the board a full and complete statement of all state and multi-state lottery revenue, prize disbursements, and other expenses for the preceding period every six months.

Sec. 05.18.070. Subpoenas.

- Establishes that the director or the board may issue subpoenas and administer oaths and affirmations when pertinent to matters where the board has jurisdiction, control or supervision.

Article 2. Lottery Retail Sales Agents. (pp. 5-7)

Sec. 05.18.100. Lottery retail sales agents.

- Allows the director to enter into contracts with retail sales agents and allows retail sales agents to sell tickets and allow their employees to sell tickets.

Sec. 05.18.110. Qualifications for agent contracts.

- Establishes the process for qualifying retail sales agents and directs the executive director to consider specific criteria when determining whether to approve a retail sales agent's application for a contract (and disqualifying factors).
- Limits the term of contracts to a period of two years, subject to renewal.

Sec. 05.18.120. Revocation or suspension of agent contracts.

- Enables the director to revoke or suspend the contract of a retail sales agent who commits a prohibited act (as defined in sec.05.18.320 of this legislation) or violates regulations adopted by the board.

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Sec. 05.18.130. Deposit and reporting of receipts.

- Outlines the requirements of deposits and reports by sales agents.
- Requires the director to impose a service charge on payments that aren't honored by the bank and allows the director to charge interest and additional service charges on payments that are delinquent in excess of ten days.
- Allows the board to file a lien on the property of delinquent retail sales agents.

Sec. 05.18.140. Bond.

- Requires applicants for an agent contract to secure a bond in an amount to be determined by the board and establishes the term of the bond
- Limits actions on the bond after three years have elapsed since its cancellation.

Article 3. Types of Games and Prizes. (pp. 7-9)

Sec. 05.18.200. Types of lotteries.

- Establishes that the board may conduct in state and multi-state lottery draw games.
- Prohibits instant lotteries, scratch-off ticket games, video lottery terminals and other electronic games.

Sec. 05.18.210. Assignment of prizes.

- Prohibits lottery winners from assigning another person a right to a prize but establishes that a prize may be paid to another person in the event of a court order that provides such a directive.

Sec. 05.18.220. Unclaimed prize money.

- Establishes that unclaimed prizes will be held for one year from the date they are won and that any prizes not claimed in this time frame will be returned, with accrued interest, to the state lottery fund.

Sec. 05.18.230. Confidential payment of prizes.

- Allows prize winners of amounts greater than \$500,000 to remain anonymous, unless the prize winner is an elected official.

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Article 4. Miscellaneous Provisions. (pp. 8-9)

Sec. 05.18.300. State lottery fund and appropriations.

- Creates the state lottery fund (a fund comprised of all revenue from the sale of lottery tickets and money credited or transferred to the fund from another fund source) within the general fund.

Sec. 05.18.310. Audit.

- Requires an audit by a certified CPA on an annual basis and allows for additional audits when requested by the board or director.

Sec. 05.18.320. Prohibited acts. (pp. 8-9)

- Outlines the acts that are prohibited under this chapter

Sec. 05.18.330. Assignment of contracts.

- Prohibits a contractor from assigning their contract to another entity without the approval of the board.

Sec. 05.18.340. Penalty.

- Establishes that violating certain provisions of this act is a class C felony.

Sec. 05.18.350. Statement of odds.

- Requires that odds of winning must be printed on all lottery tickets.

Sec. 05.18.360. Applicability of other laws

- Establishes that existing laws regarding the sale of lottery tickets do not apply to the sale of tickets under this chapter.

Article 5. General Provisions. (pp. 9-15)

Sec. 05.18.900. Definitions. Provides definitions for “agent,” “agent contract,” “board,” “director,” “lottery ticket,” “operation and administration” and “person.”

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Section 2: Amends **AS 11.66.280(3), Definitions**, to reflect that the lottery activity spelled out in AS 05.18 (new chapter) is not included in the statutory definition of “gambling.”

Section 3: Amends **AS 12.62.400(a), Criminal Justice Information and Record Checks**, to add applicants for lottery retail sales agents or the executive director, and appointees to the board to the list of positions requiring background checks.

Section 4: Adds subsection AS 18.65.08 to require the Department of Public Safety to investigate and ascertain whether a person appointed by the governor as a member of the Alaska State Lottery Board has been convicted of a crime listed in AS 05.18.010(e)(1).

Section 5: Amends **AS 39.25.110(11), Exempt Service**, to reflect that employees of the Alaska State Lottery Board are in the exempt service.

Section 6: Amends **AS 39.50.200(b), Definitions**, to add the Alaska State Lottery Board to the list of those required to file Public Official Financial Disclosures.

Section 7: Amends **AS 40.25.120(a), Public records; exceptions; certified copies**, to add lottery winners to the list of information which is to be kept confidential.

Section 8: Amends uncodified law to explain how to appoint initial members of the Alaska State Lottery Board to staggered terms.

Section 9: Amend uncodified law to allow the Department of Revenue to adopt regulations necessary to implement the changes made by this act.

Section 10: Establishes an immediate effective date for Section 9.

Section 11: Establishes an effective date for Sections 1-8 of July 1, 2020.

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