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1 IN THE HOUSE

BY THOMPSON

2

HOUSE BILL NO. 338

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IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FOURTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act establishing a state lottery."

7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 * Section 1. AS 05 is amended by adding a new chapter to read:

9

CHAPTER 18. STATE LOTTERY.

10

ARTICLE 1. ADMINISTRATION.

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Sec. 05.18.010. CREATION OF DIVISION AND COMMISSION. There is created in the Department of Revenue the division of state lottery and the State Lottery Commission within that division.

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Sec. 05.18.020. MEMBERS OF COMMISSION. The commission consists of five members who qualify under AS 39.05.100. The governor shall appoint each member under AS 39.05.080. No more than three of the five members shall be members of the same political party. The members shall annually select one member to be chairperson of the commission.

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Sec. 05.18.030. TERMS OF OFFICE; VACANCY. Members serve staggered terms of five years. A vacancy on the commission does not impair the authority of the commission to exercise all the powers and perform all the duties of the commission.

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Sec. 05.18.040. COMPENSATION OF COMMISSION MEMBERS. The members of the commission serve without compensation but are entitled to per diem and travel allowances authorized for members of boards and commissions under AS 39.20.180.

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Sec. 05.18.050. MEETINGS. The commission shall meet at least once a month at the call of the chairperson, at the request of a

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1 majority of the commission members, or at a regularly scheduled time
2 set by the commission.

3 Sec. 05.18.060. QUORUM FOR COMMISSION ACTION. An action of the
4 commission is not binding unless taken at a meeting where three or
5 more of the members are present and vote in favor of the action.

6 Sec. 05.18.070. DUTIES OF COMMISSION. The commission shall

7 (1) after full and thorough study, establish and operate a
8 state lottery;

9 (2) adopt regulations to implement this chapter and the
10 lottery;

11 (3) advise and make recommendations to the director about
12 the operation and administration of the lottery;

13 (4) report to the governor and the legislature as required
14 under AS 05.18.100;

15 (5) monitor the operation of the lottery throughout the
16 state; and

17 (6) study and investigate the operation and administration
18 of the lottery laws of other states and of federal laws that affect
19 the lottery.

20 Sec. 05.18.080. POWERS OF COMMISSION. The commission may hold
21 informational and investigatory hearings; and do all other things
22 necessary and appropriate to exercise the commission's duties and
23 powers under this chapter.

24 Sec. 05.18.090. REGULATIONS OF COMMISSION. The regulations of
25 the commission may include the following:

26 (1) the type of lottery to be conducted, except that the
27 commission may not use an instant game;

28 (2) the price of tickets or shares in the lottery;

29 (3) the numbers and sizes of the prizes for the winning

- 1 tickets or shares;
- 2 (4) the manner of selecting the winning tickets or shares;
- 3 (5) the manner of payment of prizes to the holders of the
- 4 winning tickets or shares;
- 5 (6) the frequency of the drawings or selections of winning
- 6 tickets or shares;
- 7 (7) the type of location where tickets or shares may be
- 8 sold;
- 9 (8) the method to be used in selling tickets or shares;
- 10 (9) the licensing of agents to sell tickets or shares;
- 11 (10) the manner and amount of compensation to be paid li-
- 12 censed sales agents;
- 13 (11) the apportionment of the total revenue accruing from
- 14 the sale of lottery tickets or shares and from all other sources among
- 15 (A) the payment of prizes to the holders of winning
- 16 tickets or shares;
- 17 (B) the payment of costs incurred in the operation and
- 18 administration of the lottery, including the expenses of the
- 19 division and the costs resulting from a contract entered into for
- 20 promotional, advertising, or operational services or for the
- 21 purchase or lease of lottery equipment and materials; and
- 22 (12) other matters necessary or desirable to carry out this
- 23 chapter, to operate the lottery efficiently and economically, and to
- 24 make the purchase of tickets or shares and the distribution of prizes
- 25 convenient.
- 26 Sec. 05.18.100. REPORTS BY COMMISSION. The commission shall
- 27 make the following reports:
- 28 (1) a monthly report to the governor and the legislature on
- 29 the total lottery revenue, prize disbursement and other expenses for

1 the preceding month;

2 (2) an annual report to the governor and the legislature
3 that includes a full and complete statement of lottery revenue, prize
4 disbursement and other expenses, and recommendations for changes in
5 this chapter;

6 (3) reports as frequently as the commission determines
7 necessary to the governor and the legislature on matters that require
8 changes in the law to prevent violations or evasions of this chapter
9 or to correct undesirable conditions in connection with the adminis-
10 tration or operation of the lottery.

11 Sec. 05.18.110. PURPOSE OF MONITORING LOTTERY. The commission
12 shall monitor the lottery in order

13 (1) to identify defects in this chapter or in the regu-
14 lations adopted under this chapter that allow abuses to occur in the
15 administration and operation of the lottery;

16 (2) to prevent the use of the lottery by organized crime;

17 (3) to ensure that the chapter is administered to accom-
18 plish its purposes; and

19 (4) to determine the reaction of citizens of the state to
20 existing and potential features of the lottery in order to recommend
21 or effect changes that will accomplish the purposes of this chapter.

22 Sec. 05.18.120. SUBPOENAS. (a) The commission may issue sub-
23 poenas to compel the attendance of witnesses and the production of
24 documents, papers, books, records and other evidence before it in a
25 matter over which it has jurisdiction, control or supervision. The
26 commission may administer oaths and affirmations to persons whose
27 testimony is required.

28 (b) If a person subpoenaed to attend a proceeding or hearing
29 fails to obey the subpoena without reasonable cause, or if a person at

1 the proceeding or hearing refuses, without lawful cause, to be ex-
2 amined or to answer a relevant question or to exhibit a book, account,
3 record or other document when ordered to do so by the commission, the
4 commission may apply to a judge of the superior court for an order
5 directing the person to show cause before the court why the person
6 should not comply with the subpoena or the order. If the court deter-
7 mines that the person refused without legal excuse to comply with the
8 subpoena or order of the commission, the court may order the person to
9 comply.

10 Sec. 05.18.130. DIRECTOR OF DIVISION. The division shall be
11 under the immediate supervision and direction of a director who is
12 qualified by training and experience to direct the work of the divi-
13 sion. The commissioner of revenue shall appoint the director. The
14 director of the division may not engage in another profession or
15 occupation. The director is in the partially exempt service under
16 AS 39.25.120.

17 Sec. 05.18.140. DUTIES OF DIRECTOR. The director shall

- 18 (1) supervise and administer the operation of the lottery;
19 (2) subject to the approval of the commission, appoint
20 deputies required to carry out the functions and duties of the commis-
21 sion and the director;
22 (3) subject to the approval of the commission, appoint
23 professional, technical, and clerical assistants and employees neces-
24 sary to perform the duties of the division;
25 (4) act as secretary and executive officer of the com-
26 mission;
27 (5) license agents to sell lottery tickets;
28 (6) meet at least once a month with the commission on the
29 operation and administration of the lottery;

1 (7) make available for inspection by the commission, upon
2 request, all books, records, files, and other information and docu-
3 ments of the division;

4 (8) advise the commission and make recommendations to
5 improve the operation and administration of the lottery;

6 (9) suspend or revoke a license issued under this chapter
7 for a violation of this chapter or the regulations adopted under this
8 chapter;

9 (10) subject to the approval of the commission enter into
10 contracts for the operation and promotion of the lottery; and

11 (11) provide each month to the commission a full and com-
12 plete statement of the lottery revenue, prize disbursements and other
13 expenses for the preceding month.

14 ARTICLE 2. SALES AGENTS.

15 Sec. 05.18.150. LICENSING OF LOTTERY SALES AGENTS. (a) Before
16 issuing a lottery sales agent license the director shall consider

17 (1) the financial responsibility and security of the person
18 and the person's business or activity;

19 (2) the accessibility of the person's place of business or
20 activity to the public;

21 (3) the ability of the person to promote the sale of lot-
22 tery tickets or shares;

23 (4) the sufficiency of existing licenses to serve the
24 public convenience;

25 (5) the volume of expected sales; and

26 (6) other factors the director determines are relevant.

27 (b) The director may not license as an agent to sell lottery
28 tickets or shares a person who would be engaged in business exclu-
29 sively as a lottery sales agent.

1 (c) The director may not license as an agent to sell lottery
2 tickets or shares a person who is under 18.

3 Sec. 05.18.160. REVOCATION OF LICENSES. (a) The director shall
4 suspend or revoke the license of a lottery sales agent who violates
5 AS 05.18.240.

6 (b) The director may suspend or revoke the license of a lottery
7 sales agent who violates a provision of this chapter other than
8 AS 05.18.240 or a regulation adopted under this chapter.

9 (c) Proceedings to suspend or revoke a lottery sales agent
10 license issued under this chapter are governed by the Administrative
11 Procedure Act (AS 44.62).

12 Sec. 05.18.170. COMPENSATION OF LOTTERY SALES AGENT. The com-
13 mission shall consider the following criteria when establishing the
14 compensation to be paid lottery sales agents:

15 (1) the amount of time and the cost of overhead necessary
16 to make the tickets or shares available at convenient times and for
17 sufficient hours to accommodate the public;

18 (2) the amount of time necessary for a lottery sales agent
19 to keep adequate records of ticket sales and to prepare the deposits
20 and reports required under AS 05.18.180;

21 (3) other criteria it considers relevant.

22 Sec. 05.18.180. DEPOSIT OF RECEIPTS AND REPORTS. (a) Each
23 lottery sales agent shall deposit to the credit of the state in a bank
24 designated by the director all money received by the agent from the
25 sale of lottery tickets or shares, less the amount retained as compen-
26 sation for the sale of the tickets or shares.

27 (b) Each lottery sales agent shall file with the director weekly
28 reports of the receipts and transactions in the sale of lottery
29 tickets in the form and containing the information the director

1 requires.

2 Sec. 05.18.190. BOND. (a) Each applicant for a lottery sales
3 agent license shall, at the time of applying for the license, file
4 with the commission and maintain while licensed a bond with a corpo-
5 rate surety qualified to do business in the state in an amount to be
6 determined by the commission running to the State of Alaska condi-
7 tioned upon the applicant's promise to pay

8 (1) all sales receipts due the state under this chapter;

9 (2) all amounts that may be adjudged against the applicant
10 by reason of the applicant's negligence as a lottery sales agent or
11 the applicant's violation of this chapter or the regulations adopted
12 under this chapter.

13 (b) The bond required by this section remains in effect until
14 cancelled by action of the surety, the principal, or the commission.

15 (c) A person may not bring an action on the bond more than three
16 years after its cancellation.

17 ARTICLE 3. PRIZES.

18 Sec. 05.18.200. ASSIGNMENT OF PRIZES. A person may not assign a
19 right to a prize, but a prize may be paid to the estate of a deceased
20 prize winner, or a prize may be paid to a person other than the prize
21 winner under a court order. The state is discharged of all further
22 liability when a prize has been paid under this section.

23 Sec. 05.18.210. PAYMENT OF PRIZES TO PERSONS UNDER 18 YEARS.

24 (a) If a person entitled to a prize is under the age of 18 years, and
25 if the prize is \$5,000 or less, the director may deliver the prize to
26 an adult member of the minor's family, or to a guardian of the minor,
27 in the form of a check or draft payable to the order of the minor. If
28 the prize is more than \$5,000, the director may deliver the prize by
29 depositing the amount of the prize in a bank to the credit of an adult

1 member of the minor's family, or a guardian of the minor, as custodian
2 for the minor. The person named as custodian shall have the same
3 duties and powers as a person designated as a custodian in AS 45.60.

4 (b) The state is discharged of all further liability after
5 payment of a prize to a minor under this section.

6 (c) In this section, the terms "bank", "guardian" and "member"
7 of a "minor's family" have the meanings given in AS 45.60.091.

8 Sec. 05.18.220. UNCLAIMED PRIZE MONEY. The director shall
9 retain unclaimed prize money for the person entitled to it for one
10 year after the prize is awarded. If the winner does not claim the
11 prize money within the year, the commission shall transfer the prize
12 money to the general fund.

13 ARTICLE 4. MISCELLANEOUS PROVISIONS.

14 Sec. 05.18.230. STATE LOTTERY FUND. There is created in the
15 general fund the state lottery fund. The state lottery fund consists
16 of all revenue received from the sale of lottery tickets or shares,
17 and all other money credited or transferred to the fund from another
18 fund or source.

19 Sec. 05.18.240. PROHIBITED ACTS. (a) A person may not act as a
20 lottery sales agent unless licensed under this chapter.

21 (b) A person may not sell a lottery ticket or share at a price
22 greater than that fixed by the commission.

23 (c) A person other than a licensed lottery sales agent may not
24 sell lottery tickets or shares.

25 (d) A person may not sell or offer to sell a lottery ticket or
26 share to a person under the age of 18.

27 (e) The commissioner of revenue, or an officer, employee, or
28 contractor of the division or of the commission, or the governor, or a
29 lottery sales agent or the employee of a lottery sales agent, or the

1 spouse, child, brother, sister or parent of one of the preceding
2 persons may not purchase a ticket or share or receive a lottery prize.

3 (f) Nothing in this section prohibits a person from giving a
4 ticket or share to another person of any age.

5 Sec. 05.18.250. ASSIGNMENT OF CONTRACTS. A person who enters
6 into a contract under this chapter may not assign the contract without
7 the approval of the commission.

8 Sec. 05.18.260. PENALTY. A person that violates AS 05.18.180 -
9 05.18.200, 05.18.240 or 05.18.250 is guilty of a class A misdemeanor.

10 Sec. 05.18.270. APPLICABILITY OF OTHER LAWS. No other law
11 regarding the sale of lottery tickets or the administration of a
12 lottery applies to the sale of lottery tickets or shares under this
13 chapter.

14 ARTICLE 5. GENERAL PROVISIONS.

15 Sec. 05.18.280. DEFINITIONS. In this chapter, unless the con-
16 text requires otherwise,

17 (1) "commission" means the State Lottery Commission;

18 (2) "director" means the director of the division of state
19 lottery;

20 (3) "division" means the division of state lottery;

21 (4) "instant game" means a game of chance that uses a card
22 that the participant can scratch or tear to find out immediately if
23 the participant has won a prize;

24 (5) "lottery" or "state lottery" means the lottery estab-
25 lished and operated under this chapter;

26 (6) "person" has the meaning given in AS 01.10.060 and also
27 includes an estate, receiver, trustee, assignee, referee, or other
28 person acting in a fiduciary or representative capacity, whether
29 appointed by a court or otherwise, and a department, commission,

1 agency or instrumentality of the state, including municipalities and
2 the agencies and instrumentalities of them.

3 * Sec. 2. AS 39.50.200(b) is amended by adding a new paragraph to read:
4 (48) State Lottery Commission (AS 05.18).

5 * Sec. 3. The terms of the initial members of the State Lottery Commis-
6 sion appointed under AS 05.18.020 shall be determined by the governor under
7 AS 39.05.060(c)(2).