

**Sixty-sixth Legislative Assembly of North Dakota
In Regular Session Commencing Thursday, January 3, 2019**

SENATE BILL NO. 2305
(Senator Poolman)

AN ACT to amend and reenact subsection 5 of section 53-12.1-01, subdivision a of subsection 2 of section 53-12.1-03, section 53-12.1-08, subsection 1 of section 53-12.1-11, subsections 1 and 7 of section 53-12.1-12, and section 53-12.1-13 of the North Dakota Century Code, relating to individuals eligible to play the North Dakota lottery and claim prizes and lottery online play; and to provide a penalty.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. AMENDMENT. Subsection 5 of section 53-12.1-01 of the North Dakota Century Code is amended and reenacted as follows:

5. "Ticket" means an original and acceptable tangible evidence of play prescribed by the lottery and produced by a lottery terminal or a properly and validly registered ~~subscription~~online play to prove participation in a draw of a game for a chance to win a prize.

SECTION 2. AMENDMENT. Subdivision a of subsection 2 of section 53-12.1-03 of the North Dakota Century Code is amended and reenacted as follows:

- a. Employ those ~~persons~~individuals deemed necessary to operate the lottery and provide secure facilities to house the lottery;

SECTION 3. AMENDMENT. Section 53-12.1-08 of the North Dakota Century Code is amended and reenacted as follows:

53-12.1-08. Purchase of ticket or payment of prize to certain personsindividuals **prohibited - Price of a ticket - Sale by retailer only - Second chance drawings - Prize paid to owner of a winning ticket - Prize subject to taxation - Discharge of liability - Penalty.**

1. A North Dakota lottery ticket may not be bought by or otherwise provided to, and a prize may not be paid to, the following individuals or to a parent, stepparent, child, stepchild, spouse, or sibling who is a regular member of the same household of the following individuals:
 - a. A member of the lottery advisory commission or employee of the lottery, unless authorized in writing by the director; or
 - b. An officer or employee of the lottery's gaming system vendor.

~~A person~~

2. An individual who knowingly violates this subsection1 is guilty of a class B misdemeanor on the first offense and a class A misdemeanor on a subsequent offense.

2-3. A retailer or employee of a retailer may buy a ticket and be paid a prize for a winning ticket.

3-4. Only a retailer may sell a ticket. A retailer may sell a ticket only at the site stated on the license or at a temporary site for a special event authorized by the lottery. A retailer may not sell a ticket at a price greater than the price set by the lottery rules. A person convicted of violating this subsection is guilty of a class A misdemeanor on the first offense and a class C felony on a subsequent offense.

- 4-5. A retailer may conduct a second chance drawing of entry forms or tickets to promote the sale of a ticket at that site provided that ~~a person~~ an individual is not required to purchase a ticket to participate.
- 5-6. No ticket may be sold or given to a minor. A retailer, employee of a retailer, or any other person who knowingly violates this subsection is guilty of a class B misdemeanor on the first offense and a class A misdemeanor on a subsequent offense.
- 6-7. The prize to be paid or awarded for a winning ticket must be paid to the ~~person~~ individual who the director determines is the owner of the ticket. However, the prize of a deceased winning player must be paid to the lawful representative of the estate. ~~No~~ A prize may not be paid on a winning ticket that has been purchased by use of a stolen lottery gift certificate or acquired illegally.
- 7-8. If an individual steals a ticket or lottery gift certificate from a retailer, the individual is guilty of a class A misdemeanor. However, if the total value of the tickets or gift certificates stolen exceeds five hundred dollars, the offense is a class C felony.
- 8-9. A prize awarded is subject to state and federal income tax laws and rules.
9. ~~A person~~
10. An individual who, with intent to defraud, falsely makes, alters, forges, passes, or counterfeits a ticket or gift certificate issued by the lottery, regardless of the amount gained, is guilty of a class C felony.
- 10-11. The state, members of the lottery advisory commission, and employees of the lottery are discharged of all further liability upon payment of a prize.

SECTION 4. AMENDMENT. Subsection 1 of section 53-12.1-11 of the North Dakota Century Code is amended and reenacted as follows:

1. The following information and records of the lottery are confidential:
 - a. Sales and income tax information, financial statements, and a credit report of a retailer applicant or person seeking or doing business with the lottery, and retailer application information other than the applicant's name and location;
 - b. Information related to a person owing a debt to the state or having a debt collected through a state agency that is made confidential by another state law or rule;
 - c. Internal control and security procedures, security information on a winning ticket, and information on a bid or contractual data, the disclosure of which is harmful to the efforts of the lottery to contract for goods and services on favorable terms;
 - d. Personal information on a player who purchases ~~a subscription~~ an online play or a player who wins a prize on a winning ticket unless the player authorizes, in writing, release of the information; and
 - e. Lottery sales data, the disclosure of which is harmful to the competitive position of the lottery, retailer, or person seeking or doing business with the lottery. However, a retailer may authorize the lottery to release the retailer's lottery sales data.

SECTION 5. AMENDMENT. Subsections 1 and 7 of section 53-12.1-12 of the North Dakota Century Code are amended and reenacted as follows:

1. A claimant agency and the director shall cooperate on the setoff of a winning lottery ticket or promotional cash prize against a delinquent debt. A claimant agency is an agency of the state of North Dakota that ~~a person~~ an individual owes money to or that collects money on behalf of

another party to satisfy a debt. The claimant agency and director shall share necessary information, including the ~~person's~~individual's full name, social security number, and amount and type of debt, through a mutually convenient method to timely achieve a setoff of a prize.

7. If two or more claimant agencies make adverse claims to all or a part of a prize payment, upon receipt of written notice from the claimant agencies setting forth their claims, the director may deposit, in accordance with section 32-11-02, the contested amount of the prize payment with the clerk of court in the district in which an action pertaining to the contested amount is pending or with a court-authorized depository. If one of the claims is for child support, the director shall transfer the setoff amount to the state disbursement unit before depositing any remaining prize payment or award. Any review of this transfer to the state disbursement unit must be done pursuant to section 50-09-14. Upon making the deposit or transfer, the state and its officials and employees are discharged and relieved from further liability to any ~~person~~individual or claimant agency related to the prize payment.

SECTION 6. AMENDMENT. Section 53-12.1-13 of the North Dakota Century Code is amended and reenacted as follows:

53-12.1-13. Rules.

The attorney general shall adopt rules governing the operation of the lottery. The attorney general may adopt emergency rules as necessary without the grounds otherwise required under section 28-32-03. The attorney general shall adopt rules to address any matters necessary for the efficient operation of the lottery or convenience of the public, including:

1. Type of retailer where a ticket may be sold;
2. Qualification for selecting a retailer and amount of application and license fees;
3. Licensing procedure;
4. Method used to sell a ticket, including a gift certificate and ~~subscription~~online play;
5. Financial responsibility of a retailer;
6. Retailer promotions;
7. Amount and method of commission to be paid to a retailer, including a special bonus or incentive;
8. Deadline for claiming a prize by the owner of a winning ticket, however, the deadline may not exceed one year;
9. Manner of paying a prize to the owner of a winning ticket; and
10. Setoff of a prize.

President of the Senate

Speaker of the House

Secretary of the Senate

Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Sixty-sixth Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2305.

Senate Vote: Yeas 47 Nays 0 Absent 0

House Vote: Yeas 81 Nays 9 Absent 4

Secretary of the Senate

Received by the Governor at _____ M. on _____, 2019.

Approved at _____ M. on _____, 2019.

Governor

Filed in this office this _____ day of _____, 2019,

at _____ o'clock _____ M.

Secretary of State