

SECOND REGULAR SESSION

HOUSE BILL NO. 2762

100TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE DEATON.

5564H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal sections 313.230, 313.270, and 313.321, RSMo, and to enact in lieu thereof four new sections relating to state lottery advertising.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 313.230, 313.270, and 313.321, RSMo, are repealed and four new
2 sections enacted in lieu thereof, to be known as sections 313.222, 313.230, 313.270, and
3 313.321, to read as follows:

313.222. Notwithstanding any other provision of law to the contrary, the
2 **commission shall neither advertise nor promote the Missouri state lottery on any medium.**

313.230. The commission shall:

2 (1) Issue rules and regulations concerning the operation of the Missouri state lottery.
3 The rules and regulations shall include, but shall not be limited to, the following:

4 (a) The type of lottery to be conducted, except no lottery may use any coin- or
5 token-operated amusement device and no lottery game shall be based in any form on the outcome
6 of sporting events. However, it shall be legal to use clerk- or player-activated terminals, which
7 are coin- or currency-operated, to dispense lottery tickets;

8 (b) The price, or prices, of tickets or shares in the lottery;

9 (c) The numbers and sizes of the prizes on the winning tickets or shares;

10 (d) The manner of selecting the winning tickets or shares;

11 (e) The manner of payment of prizes to the holders of winning tickets or shares;

12 (f) The frequency of the drawings or selections of winning tickets or shares, without
13 limitation;

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

- 14 (g) The types or numbers of locations at which tickets or shares may be sold and the
15 method to be used in selling tickets or shares;
- 16 (h) The method to be used in selling tickets or shares;
- 17 (i) The licensing of lottery game retailers to sell tickets or shares;
- 18 (j) The manner and amount of compensation, including commissions, ticket discounts,
19 incentives and any other remuneration, to be paid to or retained by lottery game retailers;
- 20 (k) The apportionment of the total revenues accruing from the sale of lottery tickets or
21 shares and from all other sources among:
- 22 a. The payment of prizes to the holders of winning tickets or shares;
- 23 b. The payment of costs incurred in the operation and administration of the lottery,
24 including the expenses of the commission and the costs resulting from any contract or contracts
25 entered into for ~~[promotional, advertising or]~~ operational services or for the purchase or lease of
26 lottery equipment and materials;
- 27 c. For the repayment to the general revenue fund of any amount appropriated for initial
28 start-up of the lottery; and
- 29 d. For timely transfer to the state lottery fund as provided by law;
- 30 (l) Such other matters necessary or desirable for the efficient and economical operation
31 and administration of the lottery and for the convenience of the purchasers of tickets or shares
32 and the holders of winning tickets or shares. The commission may disburse money for payment
33 of lottery prizes;
- 34 (2) Amend, repeal, or supplement any such rules and regulations from time to time as
35 it deems necessary or desirable;
- 36 (3) Advise and make recommendations to the director regarding the operation and
37 administration of the lottery;
- 38 (4) Report quarterly to the governor and the general assembly the total lottery revenues,
39 prize disbursements and other expenses for the preceding quarter, and to make an annual report,
40 which shall include a full and complete statement of lottery revenues, prize disbursements and
41 other expenses, to the governor and the general assembly, and including such recommendations
42 for changes in sections 313.200 to 313.350 as it deems necessary or desirable;
- 43 (5) Report to the governor and general assembly any matters which shall require
44 immediate changes in the laws of this state in order to prevent abuses and evasions of sections
45 313.200 to 313.350 or rules and regulations promulgated thereunder or to rectify undesirable
46 conditions in connection with the administration or operation of the lottery;
- 47 (6) Carry on a continuous study and investigation of the lottery throughout the state and
48 to make a continuous study and investigation of the operation and the administration of similar
49 laws which may be in effect in other states or countries, any literature on the subject which from

50 time to time may be published or available, any federal laws which may affect the operation of
51 the lottery, and the reaction of Missouri citizens to existing and potential features of the lottery
52 with a view to recommending or effecting changes that will tend to serve the purposes of sections
53 313.200 to 313.350;

54 (7) Ensure that all employees of the state lottery commission hired after July 12, 1990,
55 shall not be related to any member of the state lottery commission or any employee of the state
56 lottery commission within the third degree of consanguinity or affinity.

313.270. 1. The director, pursuant to rules and regulations issued by the commission,
2 may directly purchase or lease such goods or services as are necessary for effectuating the
3 purposes of sections 313.200 to 313.350, including procurements ~~[which]~~ **that** integrate
4 functions such as lottery game design~~[-]~~ **and the** supply of goods and services~~[-, and advertising]~~.
5 The lottery commission by approved rule may purchase goods made in the United States and sold
6 by a Missouri business to be given away as prizes within the provisions of section 313.321.
7 Contracts shall be awarded to lottery contractors or lottery vendors on the basis of lowest and
8 best bid on an evaluated basis in order to maximize revenues to the lottery fund. The director
9 may also utilize state purchasing procedures. The director shall award at least ten percent of the
10 aggregate dollar amount of all contracts to provide goods and services to the lottery to minority
11 business enterprises as defined by the office of administration and shall award at least five
12 percent of the aggregate dollar amount of all contracts to provide goods and services to the
13 lottery to women business enterprises as defined by the office of administration. No contract
14 awarded or entered into by the director may be assigned by the holder thereof except by specific
15 approval of the commission.

16 2. Any contract awarded to any lottery contractor or vendor shall provide that such
17 contractor or vendor shall award a minimum of ten percent of ~~[his]~~ **the contractor's or vendor's**
18 subcontracted business to minority business enterprises as defined by the office of administration
19 and shall award a minimum of five percent of ~~[his]~~ **the contractor's or vendor's** subcontracted
20 business to women business enterprises as defined by the office of administration. This section
21 shall not apply to multistate lottery.

22 3. Any lottery vendor which enters into a contract to supply lottery materials, services
23 or equipment for use in the operation of the state lottery shall first disclose such information as
24 the commission may require, by rule and regulation, concerning the selection of lottery vendors.

25 4. The costs of any investigation into the background of the applicant seeking a contract
26 shall be assessed against the applicant and shall be paid by the applicant at the time of billing by
27 the state.

28 5. Performance bonds shall be posted by each contractor with the commission with a
29 surety acceptable to the commission in an amount as may be required by the commission, but

30 not to exceed the expected total value of the contract. The contract of any lottery contractor who
31 does not comply with such requirements may be terminated by the commission. The
32 commission may terminate the contract of any lottery vendor who:

- 33 (1) Is convicted of any felony;
- 34 (2) Is convicted of any gambling-related offense;
- 35 (3) Is convicted of any crime involving fraud or misrepresentation;
- 36 (4) Fails to comply with the rules and regulations of the commission existing at the time
37 the contract was entered into; or
- 38 (5) Fails to periodically update any disclosure requirements.

39 6. The provisions in this section requiring that certain percentages of lottery contracts
40 and subcontracts be awarded to businesses owned and controlled by women or ethnic and racial
41 minorities shall expire on January 1, 2005.

313.321. 1. The money received by the Missouri state lottery commission from the sale
2 of Missouri lottery tickets and from all other sources shall be deposited in the "State Lottery
3 Fund", which is hereby created in the state treasury. At least forty-five percent, in the aggregate,
4 of the money received from the sale of Missouri lottery tickets shall be appropriated to the
5 Missouri state lottery commission and shall be used to fund prizes to lottery players. Amounts
6 in the state lottery fund may be appropriated to the Missouri state lottery commission for
7 administration~~[-advertising, promotion,]~~ and retailer compensation. The general assembly shall
8 appropriate remaining moneys not previously allocated from the state lottery fund by transferring
9 such moneys to the general revenue fund. The lottery commission shall make monthly transfers
10 of moneys not previously allocated from the state lottery fund to the general revenue fund as
11 provided by appropriation.

12 2. The commission may also purchase and hold title to any securities issued by the
13 United States government or its agencies and instrumentalities thereof that mature within the
14 term of the prize for funding multiyear payout prizes.

15 3. The "Missouri State Lottery Imprest Prize Fund" is hereby created. This fund is to be
16 established by the state treasurer and funded by warrants drawn by the office of administration
17 from the state lottery fund in amounts specified by the commission. The commission may write
18 checks and disburse moneys from this fund for the payment of lottery prizes only and for no
19 other purpose. All expenditures shall be made in accordance with rules and regulations
20 established by the office of administration. Prize payments may also be made from the state
21 lottery fund. Prize payouts made pursuant to this section shall be subject to the provisions of
22 section 143.781. Prize payouts made pursuant to this section shall be subject to set off for:

- 23 (1) Delinquent child support payments as assessed by a court of competent jurisdiction
24 or pursuant to section 454.410;

25 (2) Unpaid health care services provided by hospitals and health care providers under
26 the procedure established in section 143.790; and

27 (3) Unpaid debts to a county jail as provided under section 221.070 and pursuant to the
28 procedure established in section 488.5028.

29 4. Funds of the state lottery commission not currently needed for prize money,
30 administration costs, commissions and promotion costs shall be invested by the state treasurer
31 in interest-bearing investments in accordance with the investment powers of the state treasurer
32 contained in chapter 30. All interest earned by funds in the state lottery fund shall accrue to the
33 credit of that fund.

34 5. No state or local sales tax shall be imposed upon the sale of lottery tickets or shares
35 of the state lottery or on any prize awarded by the state lottery. No state income tax or local
36 earnings tax shall be imposed upon any lottery game prizes ~~[which]~~ **that** accumulate to an
37 amount of less than six hundred dollars during a prize winner's tax year. The state of Missouri
38 shall withhold for state income tax purposes from a lottery game prize or periodic payment of
39 six hundred dollars or more an amount equal to four percent of the prize.

40 6. The director of revenue is authorized to enter into agreements with the lottery
41 commission, in conjunction with the various state agencies pursuant to sections 143.782 to
42 143.788, in an effort to satisfy outstanding debts to the state from the lottery winning of any
43 person entitled to receive lottery payments ~~[which]~~ **that** are subject to federal withholding. The
44 director of revenue is also authorized to enter into agreements with the lottery commission in
45 conjunction with the department of health and senior services pursuant to section 143.790 in an
46 effort to satisfy outstanding debts owed to hospitals and health care providers for unpaid health
47 care services of any person entitled to receive lottery payments which are subject to federal
48 withholding.

49 7. In addition to the restrictions provided in section 313.260, no person, firm, or
50 corporation whose primary source of income is derived from the sale or rental of sexually
51 oriented publications or sexually oriented materials or property shall be licensed as a lottery
52 game retailer and any lottery game retailer license held by any such person, firm, or corporation
53 shall be revoked.

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