

House _____ Amendment NO. _____

Offered By _____

1 AMEND Senate Committee Substitute for Senate Bill No. 272, Page 1, Section A, Line 3, by
2 inserting after all of said line the following:

3
4 "313.222. Notwithstanding any other provision of law to the contrary, the commission shall
5 neither advertise nor promote the Missouri state lottery on any medium except at a lottery game
6 retailer.

7 313.230. The commission shall:

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

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

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

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

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

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

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

20 (g) The types or numbers of locations at which tickets or shares may be sold and the method
21 to be used in selling tickets or shares;

22 (h) The method to be used in selling tickets or shares;

23 (i) The licensing of lottery game retailers to sell tickets or shares;

24 (j) The manner and amount of compensation, including commissions, ticket discounts,
25 incentives and any other remuneration, to be paid to or retained by lottery game retailers;

26 (k) The apportionment of the total revenues accruing from the sale of lottery tickets or
27 shares and from all other sources among:

28 a. The payment of prizes to the holders of winning tickets or shares;

29 b. The payment of costs incurred in the operation and administration of the lottery, including
30 the expenses of the commission and the costs resulting from any contract or contracts entered into
31 for ~~[promotional, advertising or]~~ operational services or for the purchase or lease of lottery
32 equipment and materials. The costs incurred in the operation and administration of the lottery may
33 include promotional material to be displayed solely at a lottery game retailer;

34 c. For the repayment to the general revenue fund of any amount appropriated for initial
35 start-up of the lottery; and

36 d. For timely transfer to the state lottery fund as provided by law;

Action Taken _____ Date _____

1 (1) Such other matters necessary or desirable for the efficient and economical operation and
2 administration of the lottery and for the convenience of the purchasers of tickets or shares and the
3 holders of winning tickets or shares. The commission may disburse money for payment of lottery
4 prizes;

5 (2) Amend, repeal, or supplement any such rules and regulations from time to time as it
6 deems necessary or desirable;

7 (3) Advise and make recommendations to the director regarding the operation and
8 administration of the lottery;

9 (4) Report quarterly to the governor and the general assembly the total lottery revenues,
10 prize disbursements and other expenses for the preceding quarter, and to make an annual report,
11 which shall include a full and complete statement of lottery revenues, prize disbursements and other
12 expenses, to the governor and the general assembly, and including such recommendations for
13 changes in sections 313.200 to 313.350 as it deems necessary or desirable;

14 (5) Report to the governor and general assembly any matters which shall require immediate
15 changes in the laws of this state in order to prevent abuses and evasions of sections 313.200 to
16 313.350 or rules and regulations promulgated thereunder or to rectify undesirable conditions in
17 connection with the administration or operation of the lottery;

18 (6) Carry on a continuous study and investigation of the lottery throughout the state and to
19 make a continuous study and investigation of the operation and the administration of similar laws
20 which may be in effect in other states or countries, any literature on the subject which from time to
21 time may be published or available, any federal laws which may affect the operation of the lottery,
22 and the reaction of Missouri citizens to existing and potential features of the lottery with a view to
23 recommending or effecting changes that will tend to serve the purposes of sections 313.200 to
24 313.350;

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

28 313.270. 1. The director, pursuant to rules and regulations issued by the commission, may
29 directly purchase or lease such goods or services as are necessary for effectuating the purposes of
30 sections 313.200 to 313.350, including procurements ~~[which]~~ that integrate functions such as lottery
31 game design~~[-]~~ and the supply of goods and services~~[-, and advertising]~~. The lottery commission by
32 approved rule may purchase goods made in the United States and sold by a Missouri business to be
33 given away as prizes within the provisions of section 313.321. Contracts shall be awarded to lottery
34 contractors or lottery vendors on the basis of lowest and best bid on an evaluated basis in order to
35 maximize revenues to the lottery fund. The director may also utilize state purchasing procedures.
36 The director shall award at least ten percent of the aggregate dollar amount of all contracts to
37 provide goods and services to the lottery to minority business enterprises as defined by the office of
38 administration and shall award at least five percent of the aggregate dollar amount of all contracts to
39 provide goods and services to the lottery to women business enterprises as defined by the office of
40 administration. No contract awarded or entered into by the director may be assigned by the holder
41 thereof except by specific approval of the commission.

42 2. Any contract awarded to any lottery contractor or vendor shall provide that such
43 contractor or vendor shall award a minimum of ten percent of ~~[his]~~ the contractor's or vendor's
44 subcontracted business to minority business enterprises as defined by the office of administration
45 and shall award a minimum of five percent of ~~[his]~~ the contractor's or vendor's subcontracted
46 business to women business enterprises as defined by the office of administration. This section shall
47 not apply to multistate lottery.

48 3. Any lottery vendor which enters into a contract to supply lottery materials, services or
49 equipment for use in the operation of the state lottery shall first disclose such information as the

commission may require, by rule and regulation, concerning the selection of lottery vendors.

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

5. Performance bonds shall be posted by each contractor with the commission with a surety acceptable to the commission in an amount as may be required by the commission, but not to exceed the expected total value of the contract. The contract of any lottery contractor who does not comply with such requirements may be terminated by the commission. The commission may terminate the contract of any lottery vendor who:

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

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

Further amend said bil, Page 2, Section 313.303, Line 28, by inserting after all of said line and section the following:

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

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

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

- (1) Delinquent child support payments as assessed by a court of competent jurisdiction or pursuant to section 454.410;
- (2) Unpaid health care services provided by hospitals and health care providers under the procedure established in section 143.790; and
- (3) Unpaid debts to a county jail as provided under section 221.070 and pursuant to the procedure established in section 488.5028.

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

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

12 6. The director of revenue is authorized to enter into agreements with the lottery
13 commission, in conjunction with the various state agencies pursuant to sections 143.782 to 143.788,
14 in an effort to satisfy outstanding debts to the state from the lottery winning of any person entitled to
15 receive lottery payments ~~[which]~~ that are subject to federal withholding. The director of revenue is
16 also authorized to enter into agreements with the lottery commission in conjunction with the
17 department of health and senior services pursuant to section 143.790 in an effort to satisfy
18 outstanding debts owed to hospitals and health care providers for unpaid health care services of any
19 person entitled to receive lottery payments which are subject to federal withholding.

20 7. In addition to the restrictions provided in section 313.260, no person, firm, or corporation
21 whose primary source of income is derived from the sale or rental of sexually oriented publications
22 or sexually oriented materials or property shall be licensed as a lottery game retailer and any lottery
23 game retailer license held by any such person, firm, or corporation shall be revoked."; and
24

25 Further amend said bill by amending the title, enacting clause, and intersectional references
26 accordingly.