



# HOUSE BILL 109: Lottery Act Clarified

2015-2016 General Assembly

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| <b>Committee:</b>     | House Judiciary II             | <b>Date:</b>        | March 17, 2015    |
| <b>Introduced by:</b> | Reps. Stam, Glazier, Hardister | <b>Prepared by:</b> | Brad Krehely      |
| <b>Analysis of:</b>   | First Edition                  |                     | Committee Counsel |

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**SUMMARY:** *House Bill 156 would make various changes to the advertising and marketing of the North Carolina State Lottery.*

**CURRENT LAW:** Chapter 18C of the General Statutes establishes and governs the North Carolina Lottery. A lottery is any lottery game or series of lottery games operated under Chapter 18C. A lottery game is "any procedure or amusement authorized by the Commission where prizes are distributed among persons who have paid, or unconditionally agreed to pay, for tickets or shares that provide the opportunity to win those prizes and does not utilize a video gaming machine." G.S. 18C-103.

The Lottery Commission was created to oversee the operation of a lottery in North Carolina. The Lottery Commission is located within the Department of Commerce for budgetary purposes, but otherwise is a self-supporting, revenue raising agency of the State. The Lottery Commission consists of nine members, appointed by the Governor, and the General Assembly through the appointments bill. The Lottery Commission has a wide range of powers and duties, including specifying types of lottery games, prescribing the nature of lottery advertising, specifying the number and value of cash prizes, among others.

Currently, the nature of lottery advertising must comply with the following:

- All advertising must include resources for responsible gaming information
- No advertising may intentionally target specific groups or economic classes
- No advertising may be misleading, deceptive, or present any lottery game as a means of relieving any person's financial or personal difficulties
- No advertising may have the primary purpose of inducing persons to participate in the Lottery.
- Be tastefully designed and presented in a manner to minimize the appeal of lottery games to minors.
- The use of cartoon characters or of false, misleading, or deceptive information is prohibited.
- Must include the actual or estimated overall odds of winning the game if the advertising is promoting the sale of lottery tickets or shares for a particular game.

With respect to lottery tickets, each ticket in a particular game:

- Shall have printed on it a unique number distinguishing it from every other ticket in that lottery game.
- Shall have printed on it an abbreviated form of the game-play rules, including resources for responsible gaming information.
- May have printed on it a depiction of one or more cartoon characters, whose primary appeal is not to minors.



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- Shall have printed on it the overall estimated odds of winning prizes if the game uses preprinted winners.

## **BILL ANALYSIS:**

**Section 1** modifies the authority of the Lottery Commission with respect to lottery advertising to add the following new requirements:

- Advertising which states the probability of winning a prize must not omit the value of the lowest prize to be won.
- Advertising which states the odds of winning a prize must, at a minimum, disclose the odds of winning the prize with the largest value.
- No advertising or sponsorship may take place in connection with any high school or high school sporting event.

**Section 2** provides that each State department or agency receiving lottery funding must use its established communications channels to inform the public about amounts received and activities supported by of lottery proceeds.

**Section 3** does all of the following:

- Limits the types of lottery games to draw-style and instant scratch off games, unless the General Assembly approves.
- Prohibits the use of one or more cartoon characters in lottery games using tickets, regardless of whether the characters' primary appeal is to minors.
- Provides that any Web site that the Lottery Commission maintains or establishes (was "all advertising promoting the sale of lottery tickets or shares for a particular game") must include the overall odds of winning each lottery game.
- Requires the Commission to post on its Web site a tabulation of the estimated number of prizes of each prize denomination that are expected to be awarded in each lottery game ***and*** the estimated odds of winning each prize.

**Section 4** provides that no advertising of a North Carolina game shall refer to the role of the independent certified public accountant or auditor employed by a certified public accounting firm.

**Section 5** makes conforming changes to G.S. 18C-152(c) to include the term "gambling."

**EFFECTIVE DATE:** The act becomes effective July 1, 2015.

**BACKGROUND:** The provisions of this bill also appeared in House Bill 156- Honest Lottery Act (2013-2014 Session). The Honest Lottery Act, which contained additional provisions that do not appear in the present bill, passed second and third readings the House of Representatives on April 11, 2013, but was not enacted in the Senate.

Erika Churchill contributed to the drafting of this summary.