

Lottery and Gaming

Lottery and Gaming Legislation

Increase Raffle Prize Limit

Nonprofit organizations and associations are currently allowed to hold two raffles per organization per year for charitable fundraising. S.L. 2009-49 (H 85) amends G.S. 14-309.15 to increase the maximum limit on cash prizes or the fair market value of prize merchandise offered in raffles from \$50,000 to \$125,000. The maximum limit for cash prizes was previously raised from \$10,000 to \$50,000 in 2005 (Section 31 of S.L. 2005-345), but the limit on the fair market value of merchandise has stayed the same since 1997. Correspondingly, the act increases the total in cash or merchandise prizes offered by nonprofits in any calendar year from \$50,000 to \$125,000. Additionally, S.L. 2009-49 removes the prohibition on the use of real property as a prize and authorizes the raffle of real property with a maximum appraised value of up to \$500,000. Nonprofits may only offer a total of \$500,000 appraised value of all real estate prizes in any calendar year. Clarifications to G.S. 14-309.15 specify that the statute also applies to any bona fide branch, chapter, or affiliate of a nonprofit organization or association.

Lottery Act Changes

S.L. 2009-357 (H 205) makes clarifying changes throughout G.S. Chapter 18C, the North Carolina State Lottery Act, by removing the general term *vendor* [any person other than a lottery retailer who submits a bid, proposal, or offer to procure a contract for goods or service for the State Lottery Commission (Commission)] and differentiating between potential lottery contractors, lottery contractors, and lottery suppliers. For example, *lottery supplier* is defined as a person, other than a lottery retailer, who contracts with the Commission to provide goods or services to the Commission for an individual purchase, which may include a maintenance program, as opposed to a *lottery contractor* who contracts for the provision of goods or services on an ongoing basis. The lottery supplier also has a fiduciary duty to preserve and account for lottery proceeds including unsold tickets.

Various other changes to the Lottery Act include:

- Limiting lottery winner information released as a public record to the person's name, city and state of residence, game played, amount won, and date won.

- Authorizing payment of winnings to a trust or according to a will established by a deceased prize winner.
- Providing for automatic enrollment of claimant agencies into the Commission's debt set-off program if the agency is enrolled in the Department of Revenue's program.
- Modifying compensation for lottery game retailers and allocation of revenue to the State Lottery Fund so that it is based on the face value of tickets or shares instead of retail prices and annual revenues.
- Allowing auditors from certified public accounting firms to ensure that procedures are followed for certain drawings, including second chance drawings where the value of the prize is \$5,000 or more.
- Requiring biennial, instead of annual, independent audits of the security of the Commission and the Lottery, with clarification that the engagement of the independent auditing firm to perform a biennial audit of the Lottery is in addition to other required audits, beginning in 2010.

Charitable Bingo Licensing Fee Increase

Section 17.6 of S.L. 2009-451 (S 202), the 2009 appropriations act, amends G.S. 14-309.7(a) to increase the annual fee that the Department of Crime Control and Public Safety charges for a charitable bingo license from \$100 to \$200.

Bills That Did Not Pass

Limit Lottery Game Sales, Advertising, and Sponsorship

H 1289 would have amended G.S. 18C-141 to prohibit the chief administrator of the State Lottery (Director) from recommending contracting with a person who would have, other than lottery sales, cashing of checks, drafts, or money orders as the majority of the person's net revenue. The act was introduced in response to the Director's announced intention in March 2009 to test the sale of lottery tickets at locations that provide services such as check cashing, utility payment, pre-paid debit cards, and tax refund anticipation checks; services which are often provided to individuals with lower income and less banking access. Proponents of the bill were concerned that sales at these locations would specifically target poor individuals. H 1289 also would have amended G.S. 18C-114(a)(2) to require that the Lottery Commission prohibit lottery advertising or sponsorship from taking place in connection with any high school sport or sporting event or from being placed in any high school sporting venue. This bill is eligible for consideration in the 2010 session.

Leslie Arnold