

1 HOUSE BILL NO. 583

2 INTRODUCED BY E. BUTTREY

3
4 A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE POWERS AND DUTIES OF THE STATE
5 LOTTERY AND SPORTS WAGERING COMMISSION TO INCLUDE REVIEW, INPUT, AND APPROVAL ON
6 ALL PROCUREMENT DECISIONS FOR VENDOR CONTRACTS USED IN THE OPERATION OF THE STATE
7 LOTTERY; AMENDING SECTIONS 23-7-202, 23-7-301, AND 23-7-311, MCA; AND PROVIDING AN
8 IMMEDIATE EFFECTIVE DATE."

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10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11
12 **Section 1.** Section 23-7-202, MCA, is amended to read:

13 **"23-7-202. Powers and duties of commission.** The commission shall:

14 (1) establish and operate a state lottery;

15 (2) determine policies for the operation of the state lottery, supervise the director and the staff, and
16 meet with the director at least once every 3 months to make and consider recommendations, set policies,
17 determine types and forms of lottery and sports wagering games to be operated by the state lottery, and
18 transact other necessary business;

19 (3) provide input and approve all procurement decisions for all vendor contracts used in the
20 operation of the state lottery;

21 (3)(4) maximize the net revenue paid to the state general fund and to the Montana STEM scholarship
22 program special revenue account under 23-7-402 and ensure that all policies and rules adopted further revenue
23 maximization;

24 (4)(5) subject to 23-7-402(1), determine the percentage of the money paid for tickets, chances,
25 wagers, or bets to be paid out as prizes;

26 (5)(6) determine the price of each ticket, chance, wager, or bet and the number and size of prizes;

27 (6)(7) provide for the conduct of drawings of winners of lottery games and sports wagering;

28 (7)(8) carry out, with the director, a continuing study of the state lottery in Montana and other states'

lotteries and sports wagering operations to make the state lottery more efficient, profitable, and secure from violations of the law;

~~(8)~~(9) study and may enter into agreements with:

(a) other lottery states and countries to offer lottery games; or

(b) an association for the purpose of participating in multistate lottery games or games offered in other states and other countries;

~~(9)~~(10) prepare quarterly and annual reports on all aspects of the operation of the state lottery, including but not limited to types of games, gross revenue, prize money paid, operating expenses, net revenue to the state, contracts with gaming suppliers, and recommendations for changes to this part, and deliver a copy of each report to the governor, the department of administration, the legislative auditor, and to the legislature in accordance with 5-11-210;

~~(10)~~(11) adopt rules relating to lottery and sports wagering and any other rules necessary to carry out this part, including but not limited to:

(a) acceptance of wagers on a sports event or a series of sports events;

(b) the type of wagering tickets that may be used;

(c) method of issuing tickets;

(d) method of accounting and associated reporting minimums to be used by sales agent;

(e) sales agent licensing requirements and prohibitions;

(f) method of age verification;

(g) player exclusion requirements;

(h) protections for an individual placing a wager;

(i) contribution and participation in responsible gaming and consumer protection activities and programs; and

(j) ensuring game integrity through monitoring and reporting of suspicious betting activity and equipment tampering; and

~~(11)~~(12) prescribe policies relating to sports wagering sales agents' commissions without conducting rulemaking under Title 2, chapter 4, but otherwise meet the requirements of this chapter."

1 **Section 2.** Section 23-7-301, MCA, is amended to read:

2 **"23-7-301. Sales agents -- licenses.** (1) Lottery tickets, chances, wagers, or bets may be sold only
3 by a sales agent licensed by the director in accordance with this section.

4 (2) The commission shall by rule determine the places at which state lottery games and sports
5 wagering tickets, chances, wagers, or bets may be sold.

6 (3) (a) Before issuing a license, the director shall consider:

7 (i) the financial responsibility and security of the applicant and the applicant's business or activity;

8 (ii) the accessibility of the applicant's place of business or activity to the public; and

9 (iii) the sufficiency of existing licenses to serve the public convenience and the volume of the
10 expected sales.

11 (b) A person under 18 years of age may not sell lottery tickets, chances, wagers, or bets.

12 (c) A license as an agent to sell lottery tickets, chances, or wagers and bets may not be issued to
13 any person to engage in business exclusively as a lottery ticket, chance, or sports wagering sales agent.

14 (d) A license as an agent to sell wagers or bets may not be issued to any professional or collegiate
15 sports:

16 (i) athlete;

17 (ii) coach;

18 (iii) assistant coach;

19 (iv) team staff;

20 (v) team owner;

21 (vi) referee; or

22 (vii) employee.

23 (4) The director may issue temporary licenses upon conditions that the director considers
24 necessary.

25 (5) (a) Two license types are available:

26 (i) lottery only; and

27 (ii) sports wagering only.

28 (b) License applicants shall complete the application process pursuant to this chapter and

1 corresponding administrative rules.

2 (6) The director may require a bond from any licensed agent in an amount provided in the
3 commission's rules and may purchase a blanket bond covering the activities of licensed agents.

4 (7) A licensed agent shall display the license or a copy of the license conspicuously in accordance
5 with the commission's rules.

6 (8) A license is not assignable or transferable.

7 (9) An employee of a sales agent may not be required to sell lottery game tickets, chances, or
8 wagers or bets if the sale is against the employee's religious or moral beliefs.

9 (10) Sales agents are entitled to a commission of no more than 10% of the face value of tickets and
10 chances that they purchase from the lottery and do not return and no more than 10% of the face value of a
11 wager or bet. However, to further the sale of lottery products and sports wagering, the state lottery and sports
12 wagering commission may, under 23-7-202(11)(12), establish policies that provide additional commissions to
13 sales agents based on incremental sales. Commissions may not come from that part of all gross revenue that is
14 net revenue and is paid to the general fund. The commissions are statutorily appropriated, as provided in 17-7-
15 502, to the lottery.

16 (11) Each sales agent shall keep a complete and up-to-date set of records and accounts fully
17 showing the agent's sales and provide it for inspection upon request of the commission, the director, the
18 department of administration, the office of the legislative auditor, or the office of the attorney general.

19 (12) Sales agents may pay the state lottery only by check, bankdraft, electronic funds transfer, or
20 other recorded, noncash, financial transfer method as determined by the director.

21 (13) A license may be suspended or revoked for failure to maintain the license qualifications
22 provided in subsection (3) or for violation of any provision of this chapter or a commission rule. Prior to
23 suspension or revocation, the licensee must be given notice and an opportunity for a hearing."
24

25 **Section 3.** Section 23-7-311, MCA, is amended to read:

26 **"23-7-311. Drawings for and payment of prizes -- unclaimed prizes.** (1) All drawings must be held
27 in public. The selection of winning tickets, chances, wagers, or bets may not be performed by an employee of
28 the state lottery or by a member of the commission. All drawings may be witnessed by a professional staff

1 employee of the legislative auditor's office, and all state lottery drawing equipment used in public drawings to
2 select winning prizes or participants for prizes must be examined by the director's staff prior to and after each
3 public drawing.

4 (2) The commission may by rule provide for the payment of prizes by sales agents, whether or not
5 the paying agent sold the winning ticket, chance, wager, or bet whenever the amount of the prize is less than
6 an amount set by commission rule.

7 (3) (a) Except as provided in subsection (3)(b), lottery jackpot prizes over \$100,000 may in the
8 discretion of the commission be paid either in one lump sum or in equal yearly installments without interest over
9 a period of not more than 20 years and in yearly installment payments of not less than \$20,000.

10 (b) If the commission enters into an agreement under the provisions of 23-7-202~~(8)~~(9) to
11 participate in a lottery game for prizes of over \$100,000 that requires payment periods of more than 20 years or
12 yearly installment payments of less than \$20,000 as a condition of participation, the commission may adopt the
13 installment payment amounts and time periods necessary to comply with the conditions of the game.

14 (4) Prizes not claimed within 6 months are forfeited and must be paid into the state lottery fund. No
15 interest is due on a prize when a claim is delayed but made within 6 months.

16 (5) The right to a prize is not assignable, but prizes may be paid to a deceased winner's estate or
17 to a person designated by judicial order."

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19 **NEW SECTION. Section 4. Effective date.** [This act] is effective on passage and approval.

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