

**SECOND ENGROSSMENT
with Conference Committee Amendments**

Fifty-ninth
Legislative Assembly
of North Dakota

REENGROSSED HOUSE BILL NO. 1259

Introduced by

Representatives R. Kelsch, DeKrey, Delmore

Senators Fischer, Klein, Trenbeath

1 A BILL for an Act to create and enact chapter 53-12.1 of the North Dakota Century Code,
2 relating to a lottery; to amend and reenact subsection 5 of section 28-32-08.1, section
3 50-06-22, subsection 2 of section 50-09-14, subsection 2 of section 54-10-01, subsection 7 of
4 section 57-38-57, subsection 47 of section 57-39.2-04, and subsection 7 of section 57-39.2-23
5 of the North Dakota Century Code, relating to economic impact statements, the compulsive
6 gambling prevention and treatment fund, child support setoff, annual audits, compliance with
7 tax reporting requirements, and sales tax exemptions; to repeal chapter 53-12 of the North
8 Dakota Century Code, relating to a lottery; to provide a penalty; to provide a continuing
9 appropriation; to provide an appropriation; to provide a contingent appropriation; and to declare
10 an emergency.

11 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

12 **SECTION 1. AMENDMENT.** Subsection 5 of section 28-32-08.1 of the North Dakota
13 Century Code is amended and reenacted as follows:

- 14 5. This section does not apply to any agency that is an occupational or professional
15 licensing authority, nor does this section apply to the following agencies or
16 divisions of agencies:
- 17 a. Council on the arts.
 - 18 b. Beef commission.
 - 19 c. Dairy promotion commission.
 - 20 d. Dry bean council.
 - 21 e. Highway patrolmen's retirement board.
 - 22 f. Indian affairs commission.
 - 23 g. Board for Indian scholarships.
 - 24 h. State personnel board.

- 1 i. Potato council.
- 2 j. Board of public school education.
- 3 k. Real estate trust account committee.
- 4 l. Seed commission.
- 5 m. Soil conservation committee.
- 6 n. Oilseed council.
- 7 o. Wheat commission.
- 8 p. State seed arbitration board.
- 9 q. North Dakota lottery.

10 **SECTION 2. AMENDMENT.** Section 50-06-22 of the North Dakota Century Code is
11 amended and reenacted as follows:

12 **50-06-22. Compulsive gambling prevention and treatment fund - Continuing**
13 **appropriation.** Funds deposited in the compulsive gambling prevention and treatment fund
14 under section ~~53-12-24~~ 53-12.1-09 are appropriated to the department on a continuing basis
15 for the purpose of providing the services under section 50-06-21.

16 **SECTION 3. AMENDMENT.** Subsection 2 of section 50-09-14 of the North Dakota
17 Century Code is amended and reenacted as follows:

- 18 2. Any person aggrieved by an action taken by the state agency or a child support
19 agency under section 14-09-25, chapter 35-34, this chapter, or by the North
20 Dakota lottery director under chapter ~~53-12~~ 53-12.1 to establish or enforce a child
21 support order may seek review of the action in the court of this state which issued
22 or considered the child support order. If an order for child support was issued by a
23 court or administrative tribunal in another state, any person aggrieved by an action
24 taken by the state agency or a child support agency under section 14-09-25,
25 chapter 35-34, this chapter, or by the North Dakota lottery director under chapter
26 ~~53-12~~ 53-12.1 to enforce that order may seek review of the action in any court of
27 this state which has jurisdiction to enforce that order, or if no court of this state has
28 jurisdiction to enforce that order, in any court of this state with jurisdiction over the
29 necessary parties. Any review sought under this subsection must be commenced
30 within thirty days after the date of action for which review is sought. A person who

1 has a right of review under this subsection may not seek review of the actions in a
2 proceeding under chapter 28-32.

3 **SECTION 4.** Chapter 53-12.1 of the North Dakota Century Code is created and
4 enacted as follows:

5 **53-12.1-01. Definitions.** As used in this chapter:

- 6 1. "Director" means the director of the lottery.
7 2. "Lottery" means the division of the attorney general's office created to operate a
8 lottery.
9 3. "Online lottery" means a game linked to a central computer via a
10 telecommunications network in which the player selects a specified group of
11 numbers or symbols out of a predetermined range of numbers or symbols.
12 4. "Retailer" means a person the lottery has licensed to sell or redeem a ticket.
13 5. "Ticket" means an original tangible evidence of play prescribed by the lottery and
14 produced by a lottery terminal or a properly and validly registered subscription play
15 to prove participation in a draw of a game for a chance to win a prize.

16 **53-12.1-02. Lottery - Administration - Line of credit.**

- 17 1. There is established a division of the attorney general's office called the North
18 Dakota lottery. Under the supervision of the attorney general, a director shall
19 administer the lottery as provided in this chapter. The director shall consider the
20 sensitive nature of the lottery, promote games, and ensure the integrity, security,
21 and fairness of the lottery's operation. The lottery is solely responsible for the
22 management and control over the operation of its games.
23 2. The attorney general's office may arrange a short-term line of credit with the Bank
24 of North Dakota should lottery funds on hand be insufficient to meet an immediate
25 major prize obligation. The line of credit is limited to the amount of each prize of
26 one hundred thousand dollars or more that relates to prize funds known to be due
27 and forthcoming to the lottery from other government-authorized lotteries through
28 the multistate lottery association. However, the line of credit may not exceed one
29 million dollars in the aggregate.

30 **53-12.1-03. Director - Responsibilities.**

- 1 1. The attorney general shall appoint a director who shall serve at the pleasure of the
2 attorney general.
- 3 2. Subject to policy of the attorney general, the director shall:
 - 4 a. Employ those persons deemed necessary to operate the lottery and provide
5 secure facilities to house the lottery;
 - 6 b. Enter a written agreement with one or more government-authorized lotteries,
7 or with an organization created and controlled by those lotteries, for
8 conducting and marketing a joint lottery game;
 - 9 c. Provide for a secure computer data center and internal control system for the
10 reliable operation of the lottery;
 - 11 d. Prepare and submit a budget for operating the lottery;
 - 12 e. Operate the lottery so it is self-sustaining and self-funded;
 - 13 f. Maintain books and records which accurately reflect each day's financial
14 transactions, including the sale of tickets, receipt of funds and fees, prize
15 payments, and expenses to ensure accountability;
 - 16 g. License a retailer to sell or redeem a ticket;
 - 17 h. Require a retailer to furnish proof of financial stability or post a bond in an
18 amount the director deems necessary to protect the financial interest of the
19 state;
 - 20 i. Timely and efficiently transfer lottery funds due from a retailer;
 - 21 j. Conduct a retailer promotion to promote the sale of a ticket;
 - 22 k. As necessary, enter a contract for a promotional service, an annuity for the
23 payment of a prize, credit history report, security service, service from another
24 state agency, marketing and related service, gaming system and related
25 service, and other necessary service;
 - 26 l. Based on reasonable ground or written complaint, suspend or revoke a
27 retailer's license or impose a monetary fine, or both, for a violation, by the
28 retailer or employee of the retailer, of a lottery law or rule;
 - 29 m. Examine, or cause to be examined by an agent designated by the director,
30 any book or record of a retailer to ensure compliance with the lottery law and
31 rules;

- 1 n. Upon request, report to the legislative council regarding the operation of the
2 lottery;
- 3 o. Make quarterly and annual financial reports to the governor and attorney
4 general and a biennial report to the legislative assembly;
- 5 p. Have an annual audit, conducted by the state auditor, of the lottery. The
6 director shall present the audit report to the governor, state treasurer, and
7 legislative assembly;
- 8 q. As necessary, have an independent firm conduct a study and evaluation of
9 security; and
- 10 r. As necessary, conduct a survey of retailers and players or a study of
11 reactions of citizens to present and potential features of the lottery.

12 **53-12.1-04. Advisory commission - Penalty.**

- 13 1. There is created the lottery advisory commission, which is composed of five
14 members, three of whom are legislators selected by the chairman of the legislative
15 council and two of whom are selected by the attorney general. The term of office
16 is three years, expiring on June thirtieth with no more than two terms expiring in
17 any one year. Of the first members appointed, one must be appointed for a term
18 of one year, two must be appointed for terms of two years, and two must be
19 appointed for terms of three years. No member may be appointed to more than
20 two consecutive terms. Each member must be a citizen of the United States and a
21 resident of this state. A chairman of the commission must be chosen annually
22 from the membership of the commission by a majority of its members at the first
23 meeting of the commission each fiscal year. A member may serve as chairman for
24 more than one year.
- 25 2. The lottery advisory commission shall meet at least once a quarter and any
26 additional meetings as the chairman deems necessary. Special meetings may be
27 called by the chairman upon the written request of the director or any three
28 members of the commission.
- 29 3. The lottery advisory commission shall advise the director and attorney general on
30 policy and general operation of the lottery and shall serve as the audit committee.

1 4. A member of the lottery advisory commission who is not a permanent full-time
2 state employee is to be compensated at a rate of seventy-five dollars per day and
3 entitled to mileage and expenses as provided by law for state employees. A state
4 employee who is a member of the commission must receive that employee's
5 regular salary and is entitled to mileage and expenses, to be paid by the employing
6 agency.

7 5. No member of the lottery advisory commission, employee of the lottery, or any
8 individual who regularly resides in the same household as either of those
9 individuals may directly or indirectly, individually, as a partner of a partnership, or a
10 stockholder, director, or officer of a corporation, have an interest in the gaming
11 system or advertising agency vendor of the lottery. A knowing violation of this
12 subsection is a class B misdemeanor.

13 **53-12.1-05. Competitive bidding - Investigation of a vendor.** Before a contract for a
14 gaming system or marketing services is awarded, the director shall:

15 1. Use an open and competitive bid process which reflects the best interest of the
16 state. The director shall consider all relevant factors, including security,
17 competence, experience, timely performance, and maximization of net proceeds;
18 and

19 2. Conduct a thorough background investigation of the lottery's gaming system and
20 advertising agency vendors, all shareholders of ten percent or more interest, and
21 all senior officers and directors of the vendors, including a parent or subsidiary
22 corporation of the vendors. The director may use information of another
23 government-authorized lottery or other source to determine the qualification and
24 background of the vendors. The vendors shall submit appropriate investigation
25 authorizations. The director may require any appropriate information from the
26 vendors to preserve the integrity and financial security of the lottery.

27 **53-12.1-06. Retailer application - Fees - Display of license.**

28 1. An applicant for a license does not have a right to a license or granting of the
29 approval sought. A license issued or approval granted is a suspendable or
30 revocable privilege, and the holder does not acquire any vested interest in the
31 license or approval granted.

- 1 2. An applicant for a license that has had an application denied or a license revoked
2 may not reapply until at least one year has elapsed from the date of the denial or
3 revocation unless the director determines that the reason for the denial of the
4 application or revocation of the license has been remedied. A person who has had
5 an application denied or a license revoked for a second time may not reapply until
6 at least three years have passed since the date of the second denial or revocation.
7 The decision of the director to deny an application or revoke a license is final and
8 not appealable.
- 9 3. The director may charge an application fee to a person applying to become a
10 retailer and a license fee.
- 11 4. A retailer license is:
- 12 a. Renewable annually unless it is sooner relinquished, suspended, or revoked;
13 b. Not transferable or assignable to another person; and
14 c. Required to be conspicuously displayed at the retailer's site.
- 15 **53-12.1-07. Selection and qualifications of a retailer.**
- 16 1. The director shall select a person that the director deems best able to serve the
17 public convenience and promote the sale of a ticket. The director shall consider
18 relevant factors, including applicant's credit history, physical security and public
19 accessibility of the applicant's site, integrity, sufficiency of existing retailers to serve
20 the public convenience, especially in a geographically remote area of the state,
21 and volume of expected sales of tickets. A person lawfully engaged in
22 nongovernmental business on state property or a person within the exterior
23 boundary of an Indian reservation or on tribal trust land may be selected as a
24 retailer.
- 25 2. A retailer may not be the lottery's gaming system or advertising agency vendor or
26 an employee or agent of the vendor.
- 27 3. To be eligible as a retailer, an individual acting as a sole proprietor must:
- 28 a. Have a satisfactory credit check;
29 b. Be current in payment of all taxes, interest, and penalties owed to the state
30 and be current under a payment plan, excluding an item under formal dispute
31 or appeal pursuant to law;

- 1 c. Be at least eighteen years of age;
- 2 d. Be of good character and reputation;
- 3 e. Not have been convicted of a felony in this or any other jurisdiction, unless at
4 least ten years have passed since satisfactory completion of the sentence or
5 probation imposed by the court in each felony;
- 6 f. Not have been found to have knowingly violated a lottery law or rule;
- 7 g. Not have been found to have a background, including a criminal record, or
8 prior activities that pose a threat to the public interests of this state or to the
9 security and integrity of the lottery, create or enhance the dangers of
10 unsuitable or illegal practices in the conduct of lottery activities, or present
11 questionable business practices and financial arrangements incidental to the
12 lottery activity;
- 13 h. Not be a parent, stepparent, child, stepchild, spouse, or sibling who is a
14 regular member of the same household of an employee of the lottery or
15 member of the lottery advisory commission; and
- 16 i. Not have knowingly made a false statement of material fact to the lottery.
- 17 4. To be eligible as a retailer, a partnership must meet the requirement of
18 subdivision a of subsection 3 and each partner must meet the requirements of
19 subdivisions b through i of subsection 3.
- 20 5. To be eligible as a retailer, an organization other than a partnership must meet the
21 requirements of subdivisions a and b of subsection 3 and each officer and director
22 who is primarily responsible for making financial decisions and each shareholder
23 who owns ten percent or more of an ownership interest in the organization must
24 meet the requirements of subdivisions c through i of subsection 3.

25 **53-12.1-08. Purchase of ticket or payment of prize to certain persons prohibited -**

26 **Price of a ticket - Sale by retailer only - Retailer second chance drawing - Prize paid to**
27 **owner of a winning ticket - Prize subject to taxation - Discharge of liability - Penalty.**

- 28 1. A ticket may not be bought by or otherwise provided to, and a prize may not be
29 paid to, the following individuals or to a parent, stepparent, child, stepchild,
30 spouse, or sibling who is a regular member of the same household of the following
31 individuals:

- 1 a. A member of the lottery advisory commission or employee of the lottery,
2 unless authorized in writing by the director; or
3 b. An officer or employee of the lottery's gaming system vendor.
4 A person who knowingly violates this subsection is guilty of a class B
5 misdemeanor on the first offense and a class A misdemeanor on a subsequent
6 offense.
- 7 2. A retailer or employee of a retailer may buy a ticket and be paid a prize for a
8 winning ticket.
- 9 3. Only a retailer may sell a ticket. A retailer may sell a ticket only at the site stated
10 on the license. A retailer may not sell a ticket at a price greater than the price set
11 by the lottery rules. A person convicted of violating this subsection is guilty of a
12 class A misdemeanor on the first offense and a class C felony on a subsequent
13 offense.
- 14 4. A retailer may conduct a second chance drawing of entry forms or nonwinning
15 tickets to promote the sale of a ticket at that site.
- 16 5. No ticket may be sold or given to a minor. A retailer, employee of a retailer, or any
17 other person who knowingly violates this subsection is guilty of a class B
18 misdemeanor on the first offense and a class A misdemeanor on a subsequent
19 offense.
- 20 6. The prize to be paid or awarded for a winning ticket must be paid to the person
21 who the director determines is the owner of the ticket. However, the prize of a
22 deceased winning player must be paid to the lawful representative of the estate.
- 23 7. If an individual steals a ticket from a retailer, the individual is guilty of a class A
24 misdemeanor. However, if the total value of the tickets stolen exceeds five
25 hundred dollars, the offense is a class C felony.
- 26 8. A prize awarded is subject to state and federal income tax laws and rules.
- 27 9. A person who, with intent to defraud, falsely makes, alters, forges, passes, or
28 counterfeits a ticket or gift certificate issued by the lottery, regardless of the
29 amount gained, is guilty of a class C felony.
- 30 10. The state, members of the lottery advisory commission, and employees of the
31 lottery are discharged of all further liability upon payment of a prize.

1 **53-12.1-09. Operating fund - Continuing appropriation - Authorization of**
2 **disbursements - Report - Net proceeds.** There is established within the state treasury the
3 lottery operating fund into which must be deposited all revenue from the sale of tickets, interest
4 received on money in the fund, and all other fees and moneys collected, less a prize on a
5 winning ticket or lottery promotion paid by a retailer and the retailer's commission. Except for
6 moneys in the lottery operating fund appropriated by the legislative assembly for administrative
7 and operating costs of the lottery under section 53-12.1-10, all other money in the fund is
8 continuously appropriated for the purposes specified in this section. During each regular
9 session, the attorney general shall present a report to the appropriations committee of each
10 house of the legislative assembly on the actual and estimated expenditures for the current
11 biennium and projected expenditures for the subsequent biennium authorized by this section.
12 A payment of a prize or expense or transfer of net proceeds by the lottery may be made only
13 against the fund or money collected from a retailer on the sale of a ticket. A disbursement from
14 the fund must be for the following purposes:

- 15 1. Payment of a prize as the director deems appropriate to the owner of a valid,
16 winning ticket;
- 17 2. Payment of a gaming system or related service expense, game group dues, and
18 retailer commissions; and
- 19 3. Transfer of net proceeds:
 - 20 a. Starting July 1, 2005, fifty thousand dollars must be transferred to the state
21 treasurer each quarter for deposit in the compulsive gambling prevention and
22 treatment fund;
 - 23 b. An amount for the lottery's share of a game's prize reserve pool must be
24 transferred to the multistate lottery association; and
 - 25 c. The balance of the net proceeds, less holdback of any reserve funds the
26 director may need for continuing operations, must be transferred to the state
27 treasurer on at least an annual basis for deposit in the state general fund.

28 **53-12.1-10. Administrative and other operating costs of the lottery - Lottery**
29 **operating fund.** Money in the lottery operating fund may be spent pursuant to legislative
30 appropriation for costs of administering and operating the lottery, including costs relating to

1 employees, supplies, surveys, advertising and marketing, printing, promotion, premium
2 incentive items, a facility, and services provided by another state agency.

3 **53-12.1-11. Confidentiality of records.**

- 4 1. The following information and records of the lottery are confidential:
- 5 a. Sales and income tax information, financial statements, and a credit report of
6 a retailer applicant or person seeking or doing business with the lottery, and
7 retailer application information other than the applicant's name and location;
- 8 b. Information related to a person owing a debt to the state or having a debt
9 collected through a state agency that is made confidential by another state
10 law or rule;
- 11 c. Internal control and security procedures, security information on a winning
12 ticket, and information on a bid or contractual data, the disclosure of which is
13 harmful to the efforts of the lottery to contract for goods and services on
14 favorable terms;
- 15 d. Personal information on a winning player unless the player authorizes, in
16 writing, release of the information; and
- 17 e. Lottery sales data, the disclosure of which is harmful to the competitive
18 position of the lottery, retailer, or person seeking or doing business with the
19 lottery. However, a retailer may authorize the lottery to release the retailer's
20 lottery sales data.
- 21 2. To be confidential, information must relate to the security and integrity of the
22 lottery. Information and records may be disclosed within the attorney general's
23 office or to an authorized person in the proper administration of the lottery law and
24 rules or in accordance with a judicial order. Criminal history record check
25 information on an individual seeking or doing business with the lottery may be
26 released only according to chapter 12-60.

27 **53-12.1-12. Setoff of prize.**

- 28 1. A claimant agency and the director shall cooperate on the setoff of a lottery prize
29 against a delinquent debt. A claimant agency is an agency of the state of North
30 Dakota that a person owes money to or that collects money on behalf of another
31 party to satisfy a debt. The claimant agency and director shall share necessary

- 1 information, including the person's full name, social security number, and amount
2 and type of debt, through a mutually convenient method to timely achieve a setoff
3 of a prize.
- 4 2. The director shall establish a debt setoff process in which a lottery prize claim of
5 an amount equal to or greater than six hundred dollars must be used to setoff a
6 delinquent debt owed to or collected through a claimant agency.
- 7 3. If the director determines that a winning player owes a delinquent debt to or has a
8 delinquent debt collected through a claimant agency, the director shall set off the
9 amount of the debt from the prize due and notify the player, in writing, of the setoff.
10 If the setoff accounts for only a portion of the prize due, the remainder of the prize
11 must be paid to the player. The director shall transfer the setoff amount to the
12 claimant agency unless the player notifies the director, in writing, within thirty days
13 of the date of the notice of the setoff, that the player disputes all or part of the debt
14 owed to or collected through the claimant agency. If the director receives a
15 notification that the player disputes the setoff amount or claim upon which the
16 setoff is based, the director shall grant a hearing to the player to determine
17 whether the setoff is proper or the claim is valid, unless a review by a court is
18 authorized under section 50-09-14. At a hearing, no issue may be reconsidered
19 that the player has or could have previously litigated in a court or administrative
20 proceeding.
- 21 4. The lottery is discharged of all further liability for the amount of any debt setoff paid
22 to a claimant agency.
- 23 5. If two or more claimant agencies have delinquent accounts for the same player,
24 the director shall apportion the prize equally among them. However, a setoff to the
25 department of human services for child support payments has priority over all other
26 setoffs.
- 27 6. If the prize is insufficient to satisfy the entire debt, the remainder of the debt may
28 be collected by a claimant agency as provided by law or rule and resubmitted for
29 setoff against any other prize awarded.
- 30 7. If two or more claimant agencies make adverse claims to all or a part of a prize
31 payment, upon receipt of written notice from the claimant agencies setting forth

1 their claims, the director may deposit, in accordance with section 32-11-02, the
2 contested amount of the prize payment with the clerk of court in the district in
3 which an action pertaining to the contested amount is pending or with a
4 court-authorized depository. If one of the claims is for child support, the director
5 shall transfer the setoff amount to the state disbursement unit before depositing
6 any remaining prize payment or award. Any review of this transfer to the state
7 disbursement unit must be done pursuant to section 50-09-14. Upon making the
8 deposit or transfer, the state and its officials and employees are discharged and
9 relieved from further liability to any person or claimant agency related to the prize
10 payment.

11 **53-12.1-13. Rules.** The attorney general shall adopt rules governing the operation of
12 the lottery. The attorney general may adopt emergency rules as necessary without the grounds
13 otherwise required under section 28-32-03. The attorney general shall adopt rules to address
14 any matters necessary for the efficient operation of the lottery or convenience of the public,
15 including:

- 16 1. Type of retailer where a ticket may be sold;
- 17 2. Qualification for selecting a retailer and amount of application and license fees;
- 18 3. Licensing procedure;
- 19 4. Method used to sell a ticket, including a gift certificate and subscription;
- 20 5. Financial responsibility of a retailer;
- 21 6. Retailer promotions;
- 22 7. Amount and method of commission to be paid to a retailer, including a special
23 bonus or incentive;
- 24 8. Deadline for claiming a prize by the owner of a winning ticket, however, the
25 deadline may not exceed one year;
- 26 9. Manner of paying a prize to the owner of a winning ticket; and
- 27 10. Setoff of a prize.

28 **SECTION 5. AMENDMENT.** Subsection 2 of section 54-10-01 of the North Dakota
29 Century Code is amended and reenacted as follows:

- 30 2. Perform or provide for the audit of the general purpose financial statements and a
31 review of the material included in the comprehensive annual financial report of the

1 state and perform or provide for the audits and reviews of state agencies. Except
2 for the annual audit of the North Dakota lottery required by section ~~53-12-07~~
3 53-12.1-03, the state auditor shall audit or review each state agency once every
4 two years. The state auditor shall determine the contents of the audits and
5 reviews of state agencies. The state auditor may conduct any work required by
6 the federal government. The state auditor shall charge an amount equal to the
7 cost of the audit and other services rendered by the state auditor to all agencies
8 that receive and expend moneys from other than the general fund. This charge
9 may be reduced for any agency that receives and expends both general fund and
10 non-general fund moneys. Audits and reviews may be conducted at more frequent
11 intervals if requested by the governor or legislative audit and fiscal review
12 committee.

13 **SECTION 6. AMENDMENT.** Subsection 7 of section 57-38-57 of the North Dakota
14 Century Code is amended and reenacted as follows:

15 7. The tax commissioner, upon written request from the director of the North Dakota
16 lottery, may provide a written statement to the director, employees, or agents of
17 the North Dakota lottery, in which the tax commissioner is limited to stating that the
18 lottery retailer applicant has complied or not complied with the requirements of this
19 chapter. The information obtained under this subsection is confidential and may
20 be used for the sole purpose of determining whether the applicant meets the
21 requirements of ~~subdivision d of subsection 1~~ subsections 3, 4, and 5 of section
22 ~~53-12-13 and subdivision d of subsection 1 of section 53-12-14~~ 53-12.1-07.

23 **SECTION 7. AMENDMENT.** Subsection 47 of section 57-39.2-04 of the North Dakota
24 Century Code is amended and reenacted as follows:

25 47. Gross receipts from the sale of lottery tickets under chapter ~~53-12~~ 53-12.1.

26 **SECTION 8. AMENDMENT.** Subsection 7 of section 57-39.2-23 of the North Dakota
27 Century Code is amended and reenacted as follows:

28 7. The tax commissioner, upon written request from the director of the North Dakota
29 lottery, may provide a written statement to the director, employees, or agents of
30 the North Dakota lottery, in which the tax commissioner is limited to stating that the
31 lottery retailer applicant has complied or not complied with the requirements of this

1 chapter. The information obtained under this subsection is confidential and may
2 be used for the sole purpose of determining whether the applicant meets the
3 requirements of ~~subdivision d of subsection 1~~ subsections 3, 4, and 5 of section
4 ~~53-12-13 and subdivision d of subsection 1 of section 53-12-14~~ 53-12.1-07.

5 **SECTION 9. REPEAL.** Chapter 53-12 of the North Dakota Century Code is repealed.

6 **SECTION 10. APPROPRIATION - ATTORNEY GENERAL - LOTTERY.** There is
7 appropriated out of any moneys in the lottery operating fund in the state treasury, not otherwise
8 appropriated, the sum of \$3,620,171, or so much of the sum as may be necessary, to the
9 attorney general for the purpose of defraying the administrative and other operating costs of the
10 North Dakota lottery, for the biennium beginning July 1, 2005, and ending June 30, 2007. The
11 attorney general is authorized nine full-time equivalent positions for administering the lottery.

12 **SECTION 11. CONTINGENT APPROPRIATION - ADDITIONAL LOTTERY FUNDING**
13 **- BUDGET SECTION REPORT.** There is appropriated out of any moneys in the lottery
14 operating fund in the state treasury, not otherwise appropriated, the sum of \$279,020, or so
15 much of the sum as may be necessary, to the attorney general for the purpose of defraying
16 additional administrative and other operating costs of the North Dakota lottery if these costs
17 exceed the funding appropriated in section 10 of this Act, for the biennium beginning July 1,
18 2005, and ending June 30, 2007. The attorney general is authorized to hire up to two
19 additional full-time equivalent positions under this section. The attorney general shall report
20 any expenditures made or employees hired pursuant to this section to the budget section. If
21 the additional funding and full-time equivalent authorization provided by this section is not
22 adequate, the attorney general may seek emergency commission approval for additional
23 spending or full-time equivalent authority.

24 **SECTION 12. EMERGENCY.** This Act is declared to be an emergency measure.