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**HOUSE BILL NO. 474**

Offered January 18, 1996

*A BILL to amend and reenact §§ 58.1-4002, 58.1-4006, and 58.1-4007 of the Code of Virginia, relating to the powers of the Director and the Board of the state lottery.*

Patrons—Putney and Clement

Referred to Committee on General Laws

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 58.1-4002, 58.1-4006, and 58.1-4007 of the Code of Virginia are amended and reenacted as follows:**

§ 58.1-4002. Definitions.

For the purposes of this chapter:

"Board" means the State Lottery Board established by this chapter.

"Department" means the State Lottery Department created in this chapter.

"Director" means the Director of the State Lottery Department.

*"Keno" means any game of chance, known by whatever name, played with numbered balls or counters, selected by lot, to be placed upon the corresponding numbers on the players' boards.*

"Lottery" or "state lottery" means the lottery or lotteries established and operated pursuant to this chapter.

*"Powerball" means any interstate lottery contest, known by whatever name, in which tickets are sold and the winning ticket is ultimately selected in a chance drawing.*

§ 58.1-4006. Powers of the Director.

A. The Director shall supervise and administer the operation of the lottery in accordance with the provisions of this chapter and with the rules and regulations promulgated hereunder.

B. The Director shall also:

1. Employ such deputy directors, professional, technical and clerical assistants, and other employees as may be required to carry out the functions and duties of the Department.

2. Act as secretary and executive officer of the Board.

3. Require bond from licensed agents as provided in subsection D of § 58.1-4009 and Department employees with access to Department funds or lottery funds, in such amount as provided in the rules and regulations of the Board. The Director may also require bond from other employees as he deems necessary.

4. Confer at least once every month with the Board on the operation and administration of the lottery; make available for inspection by the Board, upon request, all books, records, files, and other information and documents of the Department; and advise the Board and recommend such matters as he deems necessary and advisable to improve the operation and administration of the lottery.

5. Suspend, revoke or refuse to renew any license issued pursuant to this chapter or the rules and regulations adopted hereunder.

6. ~~Enter~~ *Except for keno and powerball, enter* into contracts for the operation of the lottery, ~~or any part thereof, for the or its promotion of the lottery and into interstate lottery contracts with other states.~~ A contract awarded or entered into by the Director shall not be assigned by the holder thereof except by specific approval of the Director.

7. Certify monthly to the State Comptroller and the Board a full and complete statement of lottery revenues, prize disbursements and other expenses for the preceding month.

8. Report monthly to the Governor, the Secretary of Finance and the Chairmen of the Senate Finance Committee, House Finance Committee and House Appropriations Committee the total lottery revenues, prize disbursements and other expenses for the preceding month, and make an annual report, which shall include a full and complete statement of lottery revenues, prize disbursements and other expenses, to the Governor and the General Assembly. Such annual report shall also include such recommendations for changes in this chapter as the Director and Board deem necessary or desirable.

9. Report immediately to the Governor and the General Assembly any matters which require immediate changes in the laws of this Commonwealth in order to prevent abuses and evasions of this chapter or the rules and regulations adopted hereunder or to rectify undesirable conditions in connection with the administration or operation of the lottery.

10. Notify prize winners and appropriate state and federal agencies of the payment of prizes in excess of \$600 in the manner required by the lottery rules and regulations.

11. Provide for the withholding of the applicable amount of state and federal income tax of persons

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60 claiming a prize for a winning ticket in excess of \$5,001.

61 C. The Director and the director of security or investigators appointed by the Director shall be vested  
62 with the powers of sheriff and sworn to enforce the statutes and regulations pertaining to the Department  
63 and to investigate violations of the statutes and regulations that the Director is required to enforce.

64 § 58.1-4007. Powers of the Board.

65 A. The Board shall have the power to adopt regulations governing the establishment and operation of  
66 a lottery. The regulations governing the establishment and operation of the lottery shall be promulgated  
67 by the Board after consultation with the Director. Except as provided in § 58.1-4028, such regulations  
68 shall be in accordance with the Administrative Process Act (§ 9-6.14:1 et seq.). The regulations shall  
69 provide for all matters necessary or desirable for the efficient, honest and economical operation and  
70 administration of the lottery and for the convenience of the purchasers of tickets or shares, and the  
71 holders of winning tickets or shares. The regulations, which may be amended, repealed or supplemented  
72 as necessary, shall include, but not be limited to, the following:

73 1. The type or types of lottery to be conducted, *which shall not include keno or powerball under any*  
74 *circumstances.*

75 2. The price or prices of tickets or shares in the lottery; however, all such sales shall be for cash.

76 3. The numbers and sizes of the prizes on the winning tickets or shares, including informing the  
77 public of the approximate odds of winning and the proportion of lottery revenues (i) disbursed as prizes  
78 and (ii) returned to the Commonwealth as net revenues.

79 4. The manner of selecting the winning tickets or shares.

80 5. The manner of payment of prizes to the holders of winning tickets or shares.

81 6. The frequency of the drawings or selections of winning tickets or shares ~~without limitation~~, *not to*  
82 *exceed two drawings or selections per calendar day for each type of lottery conducted.*

83 7. Without limitation as to number, the type or types of locations at which tickets or shares may be  
84 sold.

85 8. The method to be used in selling tickets or shares.

86 9. The advertisement of the lottery in accordance with the provisions of subsection E of § 58.1-4022.

87 10. The licensing of agents to sell tickets or shares who will best serve the public convenience and  
88 promote the sale of tickets or shares. No person under the age of eighteen shall be licensed as an agent.  
89 A licensed agent may employ a person who is sixteen years of age or older to sell or otherwise vend  
90 tickets at the agent's place of business so long as the employee is supervised in the selling or vending of  
91 tickets by the manager or supervisor in charge at the location where the tickets are being sold.  
92 Employment of such person shall be in compliance with Chapter 5 (§ 40.1-78 et seq.) of Title 40.1.

93 11. The manner and amount of compensation, if any, to be paid licensed sales agents necessary to  
94 provide for the adequate availability of tickets or shares to prospective buyers and for the convenience  
95 of the public.

96 12. Apportionment of the total revenues accruing from the sale of tickets or shares and from all other  
97 sources and establishment of the amount of the special reserve fund as provided in § 58.1-4022 of this  
98 chapter.

99 13. Such other matters necessary or desirable for the efficient and economical operation and  
100 administration of the lottery.

101 The Board shall also promulgate regulations, after consultation with the Director, relative to  
102 departmental procurement which include standards of ethics for procurement consistent with the  
103 provisions of Article 4 (§ 11-72 et seq.) of Chapter 7 of Title 11 and which ensure that departmental  
104 procurement will be based on competitive principles.

105 The Board shall have the power to advise and recommend, but shall have no power to veto or  
106 modify administrative decisions of the Director.

107 B. The Board shall carry on a continuous study and investigation of the lottery throughout the  
108 Commonwealth to:

109 1. Ascertain any defects of this chapter or the regulations issued hereunder which cause abuses in the  
110 administration and operation of the lottery and any evasions of such provisions.

111 2. Formulate, with the Director, recommendations for changes in this chapter and the regulations  
112 promulgated hereunder to prevent such abuses and evasions.

113 3. Guard against the use of this chapter and the regulations promulgated hereunder as a subterfuge  
114 for organized crime and illegal gambling.

115 4. Ensure that this law and the regulations of the Board are in such form and are so administered as  
116 to serve the true purpose of this chapter.

117 C. The Board shall make a continuous study and investigation of (i) the operation and the  
118 administration of similar laws which may be in effect in other states or countries, (ii) any literature on  
119 the subject which may be published or available, (iii) any federal laws which may affect the operation  
120 of the lottery, and (iv) the reaction of Virginia citizens to the potential features of the lottery with a  
121 view to recommending or effecting changes that will serve the purpose of this chapter.

122 D. The Board shall hear and decide an appeal of any denial by the Director of the licensing or  
123 revocation of a license of a lottery agent pursuant to subdivision 10 of subsection A of this section and  
124 subdivision 5 of subsection B of § 58.1-4006 of this chapter.  
125 E. The Board shall have the authority to initiate procedures for planning, acquisition, and  
126 construction of capital projects as set forth in Article 6 (§ 2.1-224 et seq.) of Chapter 14 and Article 5  
127 (§ 2.1-480 et seq.) of Chapter 32 of Title 2.1.

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