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HOUSE BILL NO. 458

Offered January 17, 1996

A BILL to amend and reenact §§ 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—Orrock, Abbitt, Armstrong, Baker, Bloxom, Bryant, Christian, Cox, Crouch, Darner, Davies, Forbes, Hargrove, Howell, Jackson, Katzen, Kilgore, Landes, Marshall, Morgan, Nixon, Parrish, Purkey, Reid, Reynolds, Ruff, Shuler, Spruill, Stump, Way, Weatherholtz and Wilkins; Senators: Goode, Hanger, Martin, Maxwell, Newman, Reasor, Trumbo and Williams

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:**1. That § 58.1-4006 and 58.1-4007 of the Code of Virginia are amended and reenacted as follows:**

§ 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 into contracts for the operation of the lottery; or any part thereof; *and* for the 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 claiming a prize for a winning ticket in excess of \$5,001.

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

§ 58.1-4007. Powers of the Board.

A. The Board shall have the power to adopt regulations governing the establishment and operation of a lottery. The regulations governing the establishment and operation of the lottery shall be promulgated by the Board after consultation with the Director. Except as provided in § 58.1-4028, such regulations shall be in accordance with the Administrative Process Act (§ 9-6.14:1 et seq.). The regulations shall provide for all matters necessary or desirable for the efficient, honest and economical operation and

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60 administration of the lottery and for the convenience of the purchasers of tickets or shares, and the
61 holders of winning tickets or shares. The regulations, which may be amended, repealed or supplemented
62 as necessary, shall include, but not be limited to, the following:

63 1. The type or types of lottery to be conducted, *which shall not include "keno" or any interstate*
64 *lottery games.*

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

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

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

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

71 6. The frequency of the drawings or selections of winning tickets or shares ~~without limitation~~, *which,*
72 *except for instant games where the winner is determined immediately upon playing, shall be limited to*
73 *no more than once a day .*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

113 D. The Board shall hear and decide an appeal of any denial by the Director of the licensing or
114 revocation of a license of a lottery agent pursuant to subdivision 10 of subsection A of this section and
115 subdivision 5 of subsection B of § 58.1-4006 of this chapter.

116 E. The Board shall have the authority to initiate procedures for planning, acquisition, and
117 construction of capital projects as set forth in Article 6 (§ 2.1-224 et seq.) of Chapter 14 and Article 5
118 (§ 2.1-480 et seq.) of Chapter 32 of Title 2.1.