

1 AN ACT

2 RELATING TO THE NEW MEXICO LOTTERY; REQUIRING THAT A
3 PERCENTAGE OF EACH MONTH'S GROSS REVENUE BE DEPOSITED IN THE
4 LOTTERY TUITION FUND; ELIMINATING THE LOTTERY RESERVE FUND;
5 REQUIRING THE AUTHORITY TO COMPLY WITH THE PROVISIONS OF THE
6 PROCUREMENT CODE; PROVIDING DUTIES; NAMING THE TUITION
7 SCHOLARSHIP THE "LEGISLATIVE LOTTERY SCHOLARSHIP".
8

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

10 Section 1. Section 6-24-1 NMSA 1978 (being Laws 1995,
11 Chapter 155, Section 1) is amended to read:

12 "6-24-1. SHORT TITLE.-- Chapter 6, Article 24 NMSA 1978
13 may be cited as the "New Mexico Lottery Act"."

14 Section 2. Section 6-24-4 NMSA 1978 (being Laws 1995,
15 Chapter 155, Section 4) is amended to read:

16 "6-24-4. DEFINITIONS.--As used in the New Mexico
17 Lottery Act:

18 A. "authority" means the New Mexico lottery
19 authority;

20 B. "board" means the board of directors of the
21 authority;

22 C. "chief executive officer" means the chief
23 executive officer of the authority appointed by the board
24 pursuant to the New Mexico Lottery Act;

25 D. "lottery" means the New Mexico state lottery

1 established and operated by the authority pursuant to the New
2 Mexico Lottery Act;

3 E. "lottery contractor" means a person with whom
4 the authority has contracted for the purpose of providing
5 goods or services for the lottery;

6 F. "lottery game" means any variation of the
7 following types of games, but does not include any video
8 lottery game:

9 (1) an instant-win game in which disposable
10 tickets contain certain preprinted winners that are
11 determined by rubbing or scraping an area or areas on the
12 tickets to match numbers, letters, symbols or configurations,
13 or any combination thereof, as provided by the rules of the
14 game; provided, an instant-win game may also provide for
15 preliminary and grand prize drawings conducted pursuant to
16 the rules of the game; and

17 (2) an on-line lottery game in which a
18 lottery game is hooked up to a central computer via a
19 telecommunications system through which a player selects a
20 specified group of numbers or symbols out of a predetermined
21 range of numbers or symbols and purchases a ticket bearing
22 the player-selected numbers or symbols for eligibility in a
23 drawing regularly scheduled in accordance with game rules;

24 G. "lottery retailer" means a person with whom the
25 authority has contracted for the purpose of selling tickets

1 in lottery games to the public;

2 H. "lottery vendor" means any person who submits a
3 bid, proposal or offer as part of a major procurement
4 contract and any person who is awarded a major procurement
5 contract; and

6 I. "person" means an individual or any other legal
7 entity."

8 Section 3. Section 6-24-7 NMSA 1978 (being Laws 1995,
9 Chapter 155, Section 7) is amended to read:

10 "6-24-7. BOARD OF DIRECTORS--DUTIES.--The board shall
11 provide the authority with the private-sector perspective of
12 a large marketing enterprise and shall make every effort to
13 exercise sound and prudent business judgment in its
14 management and promotion of the lottery. It is the duty of
15 the board to:

16 A. adopt all rules, policies and procedures
17 necessary for the establishment and operation of the lottery;

18 B. maximize the revenue for the public purposes of
19 the New Mexico Lottery Act and to that end assure that all
20 rules, policies and procedures adopted further revenue
21 maximization;

22 C. appoint a chief executive officer, prescribe
23 the chief executive officer's qualifications, duties and
24 salary and set the salaries of the other officers and
25 employees of the authority;

1 D. approve, disapprove, amend or modify the annual
2 budget recommended by the chief executive officer for the
3 operation of the authority;

4 E. approve or disapprove all procurements over
5 seventy-five thousand dollars (\$75,000);

6 F. supervise the chief executive officer and the
7 other officers and employees of the authority and meet with
8 the chief executive officer at least once every three months
9 to make and consider recommendations, set policies, determine
10 types and forms of lottery games to be operated by the
11 lottery and transact other necessary business;

12 G. conduct, with the chief executive officer, a
13 continuing study of the lottery and other state lotteries to
14 improve the efficiency, profitability and security of the
15 authority and the lottery;

16 H. prepare quarterly and annual reports and
17 maintain records as required under the New Mexico Lottery
18 Act;

19 I. pursue other matters necessary, desirable or
20 convenient for the efficient and effective operation of
21 lottery games, the continued entertainment and convenience of
22 the public and the integrity of the lottery; and

23 J. support problem gambling initiatives and
24 provide information to players about where to obtain problem
25 gambling assistance in New Mexico."

1 Section 4. Section 6-24-19 NMSA 1978 (being Laws 1995,
2 Chapter 155, Section 19) is amended to read:

3 "6-24-19. PROCUREMENT--COMPETITIVE PROPOSALS.-- The
4 authority shall enter into a contract for a procurement after
5 evaluating competitive proposals and shall not design
6 requests for proposals to provide only for sole source
7 contracts. The authority shall conduct its own procurement,
8 but the authority shall conduct all procurement in accordance
9 with the Procurement Code. In all procurement decisions, the
10 authority shall take into account the particularly sensitive
11 nature of the lottery and shall act to promote and ensure
12 security, honesty, fairness and integrity in the operation
13 and administration of the lottery and the objectives of
14 raising revenue for the public purposes of the New Mexico
15 Lottery Act. Procurements shall not be artificially divided
16 to reduce the cost of the procurement below the procurement
17 thresholds provided in the Procurement Code."

18 Section 5. Section 6-24-24 NMSA 1978 (being Laws 1995,
19 Chapter 155, Section 24, as amended) is amended to read:

20 "6-24-24. DISPOSITION OF REVENUE.--

21 A. As nearly as practical, an amount equal to at
22 least fifty percent of the gross annual revenue from the sale
23 of lottery tickets shall be returned to the public in the
24 form of lottery prizes.

25 B. No later than the last business day of each

1 month, the authority shall transmit at least twenty-seven
2 percent of the gross revenue of the previous month until
3 December 31, 2008 and at least thirty percent of the gross
4 revenue of the previous month thereafter to the state
5 treasurer, who shall deposit it in the lottery tuition fund.

6 C. Operating expenses of the lottery include all
7 costs incurred in the operation and administration of the
8 lottery and all costs resulting from any contracts entered
9 into for the purchase or lease of goods or services required
10 by the lottery, including the costs of supplies, materials,
11 tickets, independent audit services, independent studies,
12 data transmission, advertising, promotion, incentives, public
13 relations, communications, commissions paid to lottery
14 retailers, printing, distribution of tickets, purchases of
15 annuities or investments to be used to pay future
16 installments of winning lottery tickets, debt service and
17 payment of any revenue bonds issued, contingency reserves,
18 transfers to the reserve fund and any other necessary costs
19 incurred in carrying out the provisions of the New Mexico
20 Lottery Act."

21 Section 6. Section 6-24-27 NMSA 1978 (being Laws 1995,
22 Chapter 155, Section 27, as amended) is amended to read:

23 "6-24-27. REVENUE AND BUDGET REPORTS--RECORDS--
24 INDEPENDENT AUDITS.--

25 A. The board shall:

1 (1) submit quarterly and annual reports to
2 the governor and the legislative finance committee disclosing
3 the total lottery revenue, prizes, commissions, ticket costs,
4 operating expenses and other revenue of the authority during
5 the reporting period and, in the annual report, describe the
6 organizational structure of the authority and summarize the
7 functions performed by each organizational division within
8 the authority;

9 (2) maintain weekly or more frequent records
10 of lottery transactions, including the distribution of
11 lottery tickets to retailers, revenue received, claims for
12 prizes, prizes paid, prizes forfeited and other financial
13 transactions of the authority; and

14 (3) use the state government fiscal year.

15 B. The board shall provide, for informational
16 purposes, to the department of finance and administration and
17 the legislative finance committee, by December 1 of each
18 year, a copy of the annual proposed operating budget for the
19 authority for the succeeding fiscal year. This budget
20 proposal shall also be accompanied by an estimate of the
21 revenue to be deposited in the lottery tuition fund for the
22 current and succeeding fiscal years.

23 C. The board shall contract with an independent
24 certified public accountant or firm for an annual financial
25 audit of the authority. The certified public accountant or

1 firm shall have no financial interest in any lottery
2 contractor. The certified public accountant or firm shall
3 present an audit report no later than March 1 for the prior
4 fiscal year. The certified public accountant or firm shall
5 evaluate the internal auditing controls in effect during the
6 audit period. The cost of this financial audit shall be an
7 operating expense of the authority. The legislative finance
8 committee may, at any time, order an audit of any phase of
9 the operations of the authority, at the expense of the
10 authority, and shall receive a copy of the annual independent
11 financial audit. A copy of any audit performed by the
12 certified public accountant or ordered by the legislative
13 finance committee shall be transmitted to the governor, the
14 speaker of the house of representatives, the president pro
15 tempore of the senate, the legislative finance committee and
16 the legislative council service library."

17 Section 7. Section 21-1-4.3 NMSA 1978 (being Laws 1996,
18 Chapter 71, Section 3, as amended) is amended to read:

19 "21-1-4.3. LEGISLATIVE LOTTERY SCHOLARSHIPS
20 AUTHORIZED--CERTAIN EDUCATIONAL INSTITUTIONS.--

21 A. To the extent that funds are made available by
22 the legislature from the lottery tuition fund, the boards of
23 regents of New Mexico state university, New Mexico institute
24 of mining and technology, eastern New Mexico university,
25 western New Mexico university, the university of New Mexico,

1 New Mexico highlands university and northern New Mexico
2 college shall award legislative lottery scholarships for
3 tuition for qualified resident students attending their
4 respective institutions and branches of those institutions.

5 B. Except as authorized in Subsections C and D of
6 this section, the legislative lottery scholarships authorized
7 in this section shall apply only to full-time resident
8 students who, immediately upon completion of a high school
9 curriculum at a public or accredited private New Mexico high
10 school or upon receiving a graduate equivalent diploma, are
11 accepted for entrance to and attend one of the state
12 educational institutions set forth in this section or one of
13 the branches of those institutions. Each legislative lottery
14 scholarship shall be awarded for up to four consecutive years
15 beginning the second semester of the recipient's first year
16 of enrollment, provided that the recipient has maintained
17 residency in New Mexico and maintained a grade point average
18 of 2.5 or higher on a 4.0 scale during the first semester of
19 full-time enrollment.

20 C. The legislative lottery scholarships authorized
21 in this section shall also apply to full-time resident
22 students who, immediately upon completion of a high school
23 curriculum at a public or accredited private New Mexico high
24 school or upon receiving a graduate equivalent diploma,
25 attend a two-year public post-secondary educational

1 institution in New Mexico and who, upon the completion of
2 that curriculum or at the end of two years, whichever is
3 sooner, transfer to one of the post-secondary state
4 educational institutions set forth in this section. Those
5 students shall be eligible for a legislative lottery
6 scholarship for two consecutive years, provided that those
7 students maintain residency in New Mexico, maintain a grade
8 point average of 2.5 or higher on a 4.0 scale and attend the
9 institution full time during the regular academic year.

10 D. The legislative lottery scholarships authorized
11 in this section shall also apply to full-time resident
12 students who:

13 (1) within one hundred twenty days of
14 completion of a high school curriculum at a public or
15 accredited private New Mexico high school, or of receiving a
16 graduate equivalent diploma, begin service in the United
17 States armed forces; and

18 (2) within one hundred twenty days of
19 completion of honorable service or medical discharge from the
20 service are accepted for entrance to and attend one of the
21 state educational institutions set forth in this section.

22 E. The higher education department shall prepare
23 guidelines setting forth explicit student continuing
24 eligibility criteria and guidelines for administration of the
25 legislative lottery scholarship program. Guidelines shall be

