

HOUSE BILL 147

53RD LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2018

INTRODUCED BY

James E. Smith

Pursuant to House Rule 24-1, this document incorporates amendments that have been adopted prior to consideration of this measure by the House. It is a tool to show the amendments in context and is not to be used for the purpose of amendments.

AN ACT

RELATING TO PUBLIC FINANCE; PROVIDING FOR THE ELIMINATION OF THE THIRTY PERCENT MONTHLY TRANSFER FROM SALE OF LOTTERY GAMES; PROVIDING A SUNSET AND A RETURN TO THE THIRTY PERCENT TRANSFER REQUIREMENT FOLLOWING HEC → ~~ANY FISCAL YEAR~~ CERTAIN FISCAL YEARS ← HEC HAFC → ~~CERTAIN FISCAL YEARS~~ ANY FISCAL YEAR ← HAFC THE NEW MEXICO LOTTERY AUTHORITY DOES NOT MEET TRANSFER REQUIREMENTS; ALLOWING THE NEW MEXICO LOTTERY AUTHORITY TO TRANSMIT LOTTERY TUITION FUNDS ON A MONTHLY BASIS; SETTING A DEADLINE FOR TRANSFER OF NET REVENUE HEC → PROVIDING FOR UNCLAIMED LOTTERY PRIZES TO REVERT TO THE LOTTERY TUITION FUND ← HEC Hf11 → C; LIMITING OPERATING EXPENSES ← Hf11.

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

Hf13→SECTION 1. Section 6-24-21 NMSA 1978 (being Laws 1995, Chapter 155, Section 21, as amended) is amended to read:

"6-24-21. DRAWINGS FOR AND PAYMENT OF PRIZES--UNCLAIMED PRIZES--APPLICABILITY OF TAXATION.--

A. All lottery prize drawings shall be open to the public. If the prior written approval of the chief executive officer and the executive vice president for security are obtained, the selection of winning entries may be performed by an employee of the lottery. A member of the board shall not perform the selection of a winning entry. Drawings for a prize of more than five thousand dollars (\$5,000) shall be conducted and videotaped by the security division and witnessed by the internal auditor of the authority or ~~his~~ the internal auditor's designee. Promotional drawings for a prize of less than five thousand dollars (\$5,000) are exempt from the requirements of this subsection if prior written approval is given by the chief executive officer and the executive vice president for security. All lottery drawing equipment used in public drawings to select winning numbers or entries or participants for prizes shall be examined and tested by the chief executive officer's staff and the internal auditor of the authority or ~~his~~ the internal auditor's designee prior to and after each public drawing.

B. Any lottery prize is subject to applicable state

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taxes. The authority shall report to the state and federal taxing authorities any lottery prize exceeding six hundred dollars (\$600).

C. The authority shall adopt rules, policies and procedures to conduct fair and equitable drawings and establish a system of verifying the validity of tickets claimed to win prizes and to effect payment of such prizes, provided:

(1) no prize shall be paid upon a ticket purchased or sold in violation of the New Mexico Lottery Act. Any such prize shall constitute an unclaimed prize for purposes of this section;

(2) the authority is discharged from all liability upon payment of a prize;

(3) the board may by rule provide for the payment of prizes by lottery retailers, whether or not the lottery retailer sold the winning ticket, whenever the amount of the prize is less than an amount set by board rule. Payment shall not be made directly to a player by a machine or a mechanical or electronic device;

(4) prizes not claimed within the time period established by the authority are forfeited and shall be paid into the [prize] lottery tuition fund and shall not be included in the calculation of gross revenues required for transmission to the state treasurer pursuant to the provisions of Subsection B of Section 6-24-24 NMSA 1978. No interest is due on a prize

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when a claim is delayed;

(5) the right to a prize is not assignable, but prizes may be paid to a deceased winner's estate or to a person designated by judicial order;

(6) until a signature or mark is placed on a ticket in the area designated for signature, a ticket is owned by the bearer of the ticket, but after a signature or mark is placed on a ticket in the area designated for signature, a ticket is owned by the person whose signature or mark appears, and that person is entitled to any prize attributable to the owner; and

(7) the authority is not responsible for lost or stolen tickets."←Hf13

Hf13→HEC→SECTION Hf1→1←Hf1. ~~Section 6-24-21 NMSA 1978 (being Laws 1995, Chapter 155, Section 21, as amended) is amended to read:~~

~~"6-24-21. DRAWINGS FOR AND PAYMENT OF PRIZES--UNCLAIMED PRIZES--APPLICABILITY OF TAXATION.--~~

~~A. All lottery prize drawings shall be open to the public. If the prior written approval of the chief executive officer and the executive vice president for security are obtained, the selection of winning entries may be performed by an employee of the lottery. A member of the board shall not perform the selection of a winning entry. Drawings for a prize of more than five thousand dollars (\$5,000) shall be conducted~~

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~~and videotaped by the security division and witnessed by the internal auditor of the authority or [his] the internal auditor's designee. Promotional drawings for a prize of less than five thousand dollars (\$5,000) are exempt from the requirements of this subsection if prior written approval is given by the chief executive officer and the executive vice president for security. All lottery drawing equipment used in public drawings to select winning numbers or entries or participants for prizes shall be examined and tested by the chief executive officer's staff and the internal auditor of the authority or [his] the internal auditor's designee prior to and after each public drawing.~~

~~B. Any lottery prize is subject to applicable state taxes. The authority shall report to the state and federal taxing authorities any lottery prize exceeding six hundred dollars (\$600).~~

~~C. The authority shall adopt rules, policies and procedures to conduct fair and equitable drawings and establish a system of verifying the validity of tickets claimed to win prizes and to effect payment of such prizes, provided:~~

~~(1) no prize shall be paid upon a ticket purchased or sold in violation of the New Mexico Lottery Act. Any such prize shall constitute an unclaimed prize for purposes of this section;~~

~~(2) the authority is discharged from all~~

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~~liability upon payment of a prize;~~

~~(3) the board may by rule provide for the payment of prizes by lottery retailers, whether or not the lottery retailer sold the winning ticket, whenever the amount of the prize is less than an amount set by board rule. Payment shall not be made directly to a player by a machine or a mechanical or electronic device;~~

~~(4) prizes not claimed within the time period established by the authority are forfeited and shall be paid into the [prize] lottery tuition fund. No interest is due on a prize when a claim is delayed;~~

~~(5) the right to a prize is not assignable, but prizes may be paid to a deceased winner's estate or to a person designated by judicial order;~~

~~(6) until a signature or mark is placed on a ticket in the area designated for signature, a ticket is owned by the bearer of the ticket, but after a signature or mark is placed on a ticket in the area designated for signature, a ticket is owned by the person whose signature or mark appears, and that person is entitled to any prize attributable to the owner; and~~

~~(7) the authority is not responsible for lost or stolen tickets."~~ ←HEC←Hf13

SECTION HEC→1←HEC HEC→2←HEC. Section 6-24-24 NMSA 1978 (being Laws 1995, Chapter 155, Section 24, as amended) is

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amended to read:

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

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

B. No later than the last business day of each month, the authority shall transmit ~~[at least twenty-seven percent of the gross revenue of the previous month until December 31, 2008 and at least thirty percent of the gross revenue]~~ the net revenues of the previous month ~~[thereafter]~~ to the state treasurer, who shall deposit it in the lottery tuition fund. If the total amount transmitted by the authority to the state treasurer for HEC → any fiscal year fiscal years 2019 through 2023 ← HEC H AFC → ~~fiscal years 2019 through 2023~~ any fiscal year ← H AFC is less than Hf12 → ~~thirty-eight million dollars (\$38,000,000)~~ forty million dollars (\$40,000,000) ← Hf12, the authority shall thereafter be required to transmit at least thirty percent of each month's gross revenue no later than the last business day of the following month to the state treasurer, who shall deposit it in the lottery tuition fund.

C. Operating expenses of the lottery include all costs incurred in the operation and administration of the lottery and all costs resulting from any contracts entered into for the purchase or lease of goods or services required by the lottery, including the costs of supplies, materials, tickets, .209579.

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independent audit services, independent studies, data transmission, advertising, promotion, incentives, public relations, communications, commissions paid to lottery retailers, printing, distribution of tickets, purchases of annuities or investments to be used to pay future installments of winning lottery tickets, debt service and payment of any revenue bonds issued, contingency reserves, transfers to the reserve fund and any other necessary costs incurred in carrying out the provisions of the New Mexico Lottery Act. Hf11→

Operating expenses of the lottery shall not exceed fifteen percent of the lottery's gross annual revenue.←Hf11"

SECTION HEC→2←HEC HEC→3←HEC. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2018.