

**FIRST ENGROSSMENT
with Senate Amendments****ENGROSSED HOUSE BILL NO. 1243**

Introduced by

Representatives Maragos, Berg, Boucher

Senators O'Connell, Stenehjem

1 A BILL for an Act to create and enact a new section to chapter 50-06, chapter 53-12, a new
2 subsection to section 57-38-57, a new subsection to section 57-39.2-04, and a new subsection
3 to section 57-39.2-23 of the North Dakota Century Code, relating to compulsive gambling
4 prevention and treatment, the establishment of the North Dakota lottery, disclosure of
5 confidential income and sales and use tax information, and to an exemption from sales tax; to
6 amend and reenact subsection 2 of section 50-09-14 and subsection 2 of section 54-10-01 of
7 the North Dakota Century Code, relating to setoffs of lottery prize payments for payment of
8 child support and to the powers and duties of the state auditor; to provide a penalty; to provide
9 a continuing appropriation; to provide for reimbursement of lottery expenses; and to declare an
10 emergency.

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

12 **SECTION 1.** A new section to chapter 50-06 of the North Dakota Century Code is
13 created and enacted as follows:

14 **Compulsive gambling prevention and treatment fund - Continuing appropriation.**
15 Funds deposited in the compulsive gambling prevention and treatment fund under section
16 53-12-21 are appropriated to the department on a continuing basis for the purpose of providing
17 the services under section 50-06-21.

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

20 2. Any person aggrieved by an action taken by the state agency or a child support
21 agency under section 14-09-25, chapter 35-34, this chapter, ~~or chapter 35-34 or~~
22 by the North Dakota lottery director under chapter 53-12 to establish or enforce a
23 child support order may seek review of the action ~~of the state agency or child~~
24 ~~support agency~~ in the court of this state ~~that~~ which issued or considered the child

support order. If an order for child support was issued by a court or administrative tribunal in another state, any person aggrieved by an action taken by the state agency or a child support agency under section 14-09-25, chapter 35-34, this chapter, ~~or chapter 35-34~~ or by the North Dakota lottery director under chapter 53-12 to enforce that order may seek review of the action ~~of the state agency or child support agency~~ in any court of this state which has jurisdiction to enforce that order, or if no court of this state has jurisdiction to enforce that order, in any court of this state with jurisdiction over the necessary parties. Any review sought under this subsection must be commenced within thirty days after the date of action for which review is sought. A person who has a right of review under this subsection may not seek review of the actions ~~of the state agency or child support agency~~ in a proceeding under chapter 28-32.

SECTION 3. Chapter 53-12 of the North Dakota Century Code is created and enacted as follows:

53-12-01. Definitions. As used in this chapter:

1. "Advisory commission" means the North Dakota lottery advisory commission.
2. "Director" means the director of the North Dakota lottery.
3. "Gross profits" means on-line sales of lottery tickets less prize share payments, prizes claimed on redeemed winning tickets, and lottery retailer commissions.
4. "Immediate family member" means a parent, stepparent, child, stepchild, spouse, or sibling who is a member of the same household in the principal place of abode.
5. "Major procurement" means any contract with any vendor directly involved in providing facilities, equipment, tickets, and services unique to the lottery, but not including materials, supplies, equipment, and services common to the ordinary operations of state agencies.
6. "North Dakota lottery" means the division of the attorney general's office created to operate a lottery pursuant to this chapter.
7. "On-line lottery" means a game linked to a central computer via a telecommunications network in which the player selects a specified group of numbers or symbols out of a predetermined range of numbers or symbols.

8. "Retailer" means any person the North Dakota lottery has licensed to sell lottery tickets to the public.

9. "Ticket" means any tangible evidence issued or authorized by the North Dakota lottery to prove participation in an on-line lottery game.

10. "Vendor" means any person who has entered a major procurement contract with the North Dakota lottery.

53-12-02. North Dakota lottery - Administration - Overall control and operation of games. There is established a division of the attorney general's office to be called the North Dakota lottery. Under the supervision of the attorney general, a director shall administer the lottery as provided in this chapter. In all decisions, the director shall take into account the particularly sensitive nature of the lottery and shall act to promote and ensure the integrity, security, honesty, and fairness of its operation and administration. The overall management of the lottery and control over the operation of its games rest solely with the North Dakota lottery.

53-12-03. Director - Appointment - Employment of personnel. The attorney general shall appoint a director who shall serve at the pleasure of the attorney general. The director may employ those persons as may be necessary to operate the lottery.

53-12-04. Functions of director. Subject to the rules and policies established by the attorney general, the director may:

1. Supervise and administer the operation of the lottery in accordance with this chapter and in accordance with the written agreement with a government-authorized lottery;

2. Employ other employees of the North Dakota lottery;

3. Enter contracts for promotional services; annuities or other methods deemed appropriate for the payment of prizes; data processing and other technical products, equipment, and services, including services from financial institutions and other state agencies; and facilities as needed to operate the lottery, including tickets and other services involved in major procurements;

4. License persons for the sale of lottery tickets as provided by this chapter and rules adopted to implement this chapter;

5. Make demographic studies of lottery players and studies of reactions of citizens to existing and potential features of the lottery;

6. Require lottery retailers and persons licensed under this chapter to furnish proof of financial stability or to post a bond in an amount the director deems necessary to protect the financial interests of the state;

7. Provide for secure facilities to house the North Dakota lottery;

8. Provide for secure data processing facilities to be used for the reliable operation of the lottery;

9. Examine, or cause to be examined by any agent or representative designated by the director, any books, papers, records, or memoranda of any retailer or person licensed under this chapter for the purpose of ascertaining compliance with this chapter or any rule adopted under this chapter;

10. Based on reasonable ground or written complaint, suspended, deny, or revoke a lottery retailer's license or impose a monetary fine, or both, for a violation, by the retailer or any agent, member, or employee of the retailer, of this chapter or any rule adopted under this chapter; and

11. Share human and financial resources of other divisions within the office of attorney general.

53-12-05. Competitive bidding required before entering into contracts. When entering contracts, the director shall utilize an open and competitive bid process which reflects the best interest of the state. The director shall consider all relevant factors, including security, competence, experience, timely performance, and maximization of net revenues to the state.

53-12-06. Investigation of vendors. Before a contract for a major procurement is awarded, the director shall conduct a thorough background investigation of the vendor, any parent or subsidiary corporation of the vendor, all shareholders of five percent or more interest in the vendor or parent or subsidiary corporation of the vendor, and all officers and directors of the vendor or parent or subsidiary corporation of the vendor to whom the contract is to be awarded. In conducting the investigations, the director may use the information of other states to determine the qualifications of the vendor. The vendor shall submit appropriate investigation authorizations to facilitate this investigation. The director may require any additional information from the vendor that is considered appropriate to preserve the integrity and security of the lottery.

53-12-07. Additional functions of director. The director shall:

1. Enter a written agreement with a government-authorized lottery, or with an organization created and controlled by those lotteries, for the operation, marketing, and promotion of a joint lottery game;
2. Make and keep books and records which accurately and fairly reflect each day's transactions, including the distribution and sale of tickets, receipt of funds, prize claims, prize disbursements, or prizes liable to be paid, expenses and other financial transactions of the lottery necessary so as to ensure accountability;
3. Make quarterly and annual financial reports to the governor and the attorney general and biennial reports to the legislative assembly. The reports must be based upon generally accepted accounting principles and include a full and complete statement of the lottery's financial position and operations;
4. Upon request, report to the legislative council regarding the implementation and operation of the lottery;
5. Have an annual audit, conducted by the state auditor, of all accounts and transactions of the North Dakota lottery. The audit report must be presented to the governor, the state treasurer, and the legislative assembly;
6. Contract with an agency of state government or an independent firm experienced in security procedures to periodically conduct a comprehensive study and evaluation of all aspects of security in the operation of the lottery;
7. Prepare and submit budgets and proposals for the operation of the lottery;
8. Operate the lottery so that after the initial funding, it is self-sustaining and self-funded; and
9. Make provision for the timely and efficient transfer of funds due from lottery retailers.

53-12-08. Lottery expenses and prizes to be paid from lottery funds - General funds not to be used or obligated - Exception. No claim for the payment of an expense of the lottery or the payment of a lottery prize may be made unless it is against the lottery operating fund or money collected from the sale of lottery tickets. Except for the initial startup funding to the lottery, the general funds of the state may not be used or obligated to pay the expenses of the lottery or prizes of the lottery.

53-12-09. Selection of lottery retailers.

1 1. The director shall select as retailers those persons the director deems best able to
2 serve the public convenience and promote the sale of tickets. In the selection of
3 retailers, the director shall consider factors, including financial responsibility,
4 security of the applicant's place of business or activity, accessibility of the
5 applicant's place of business or activity, integrity, reputation, sufficiency of existing
6 lottery retailers to serve the public convenience, especially in geographically
7 remote areas of the state, volume of expected sales, and any other factors as the
8 director may deem appropriate. Any person lawfully engaged in nongovernmental
9 business on state property may be selected as retailers.

10 2. No applicant for a license or other affirmative action has any right to a license or to
11 the granting of the approval sought. Any license issued or other approval granted
12 under this chapter is a revocable privilege, and the holder does not acquire any
13 vested interest or property right in the license or other approval granted under this
14 chapter.

15 **53-12-10. Reapplication for license after denial or revocation - Denial or**
16 **revocation decisions final.** Any applicant for a license who has had an application denied or
17 a license revoked by the director may not reapply until at least one year has elapsed from the
18 date of the denial or revocation. Any person who has been denied a license or had a license
19 revoked for a second time may not reapply until at least three years have passed since the date
20 of the second denial or revocation. The decision of the director to deny an application or to
21 revoke a license is final and is not reviewable.

22 **53-12-11. Retailer's application fee - Annual renewal of license - License not**
23 **transferable or assignable.** The director may charge an application fee to a person applying
24 to become a retailer. A retailer license awarded by the lottery under this chapter is renewable
25 annually after issuance unless sooner canceled, revoked, or terminated. A retailer license
26 awarded under this chapter is not transferable or assignable.

27 **53-12-12. Issuance of retailer license - Display - Sales only at location on license.**
28 Each retailer must be issued a retailer license that must be conspicuously displayed at the
29 place where the retailer is authorized to sell tickets. Tickets may only be sold by the retailer at
30 the location stated on the retailer license.

31 **53-12-13. Qualifications of retailer.**

1. To be selected as a retailer, an individual acting as a sole proprietor must:
 - a. Be at least eighteen years of age;
 - b. Be of good character and reputation;
 - c. Have sufficient financial resources to support the activities required to sell lottery tickets; and
 - d. Be current in payment of all taxes, interest, and penalties owed to the state, excluding items under formal dispute or appeal pursuant to applicable statutes.

2. A retailer may not be a lottery vendor or an employee or agent of any lottery vendor doing business with the North Dakota lottery.

53-12-14. Individuals ineligible to be licensed as retailer by the lottery. An individual may not be licensed by the lottery or involved in lottery activities under this chapter if the individual:

1. Has been convicted of a felony in this or any other jurisdiction, unless at least ten years have passed since satisfactory completion of the sentence or probation imposed by the court in each felony;
2. Has been found to have violated any provision of this chapter or any rule adopted to implement this chapter;
3. Has been found to have a background, including a criminal record, or prior activities that pose a threat to the public interests of the state or to the security and integrity of the lottery; create or enhance the dangers of unsuitable, unfair, or illegal practices, methods, and activities in the conduct of gaming; or present questionable business practices and financial arrangements incidental to the conduct of lottery activities;
4. Is an immediate family member of an employee of the North Dakota lottery or of a member of the advisory commission; or
5. Has knowingly made a false statement of material fact to the North Dakota lottery.

53-12-15. Partnership as retailer. For a partnership to be selected as a retailer, the partnership must meet the requirements of subdivisions c and d of subsection 1 of section 53-12-13, and each partner of the partnership must meet the requirements of subdivisions a and b of subsection 1 of section 53-12-13 and of section 53-12-14.

1 **53-12-16. Organization as retailer.** For an organization other than a partnership to be
2 selected as a retailer, the organization must meet the requirements of subdivisions c and d of
3 subsection 1 of section 53-12-13, and each officer and director and each shareholder who
4 owns five percent or more of an ownership interest in the organization must meet the
5 requirements of subdivisions a and b of subsection 1 of section 53-11-13 and of section
6 53-12-14.

7 **53-12-17. Lottery advisory commission created - Appointment of members - Term**
8 **of office - Qualifications - Chairman - Duties - Compensation - Restrictions - Penalty.**

9 1. There is created the North Dakota lottery advisory commission, which is composed
10 of five members, three of which are selected by the chairman of the legislative
11 council and two of which are selected by the attorney general. The term of office is
12 three years, expiring on December thirty-first with no more than two terms expiring
13 in any one year. Of the first members appointed, one must be appointed for a term
14 of one year, two must be appointed for terms of two years, and two must be
15 appointed for terms of three years. No member may be appointed to more than
16 two consecutive terms. Each member of the advisory commission must be a
17 citizen of the United States and a resident of this state. A chairman of the
18 commission must be chosen annually from the membership of the commission by
19 a majority of its members at the first meeting of the advisory commission each
20 year.

21 2. The advisory commission shall meet at least once a quarter and any additional
22 meetings as the chairman deems necessary. Special meetings may be called by
23 the chairman upon the written request of the director or any three members of the
24 commission.

25 3. The advisory commission shall advise the director and the attorney general in the
26 establishment of policy of the operation of the lottery and shall advise the director
27 regarding the operation of the lottery. For the initial selection of lottery retailers,
28 the commission may recommend, for the director's consideration, lottery retailer
29 applicants for licensure based on criteria prescribed by section 53-12-09.

30 4. Members of the advisory commission who are not state employees are entitled to
31 be compensated at a rate of seventy-five dollars per day and are entitled to

1 mileage and expenses as provided by law for state officers and employees. A
2 state employee who is a member of the commission must receive that employee's
3 regular salary and is entitled to mileage and expenses, to be paid by the employing
4 agency.

5 5. No member of the advisory commission, employee of the North Dakota lottery, or
6 any individual residing in the same household as either of those individuals may
7 directly or indirectly, individually, as a member of a partnership or other
8 association, or as a stockholder, director, or officer of a corporation, have an
9 interest in a business which contracts for the operation or promotion of the lottery.
10 A knowing violation of this section is a class B misdemeanor.

11 **53-12-18. Rules.** The attorney general shall adopt rules governing the establishment
12 and operation of the lottery as necessary to carry out the purposes of this chapter. The
13 attorney general may adopt emergency rules for purposes of this section without the grounds
14 otherwise required under section 28-32-03. The attorney general shall adopt rules concerning
15 the following:

- 16 1. The manner of payment of prizes to the holders of winning tickets;
- 17 2. The types of locations at which tickets may be sold;
- 18 3. The methods to be used in selling tickets;
- 19 4. Additional qualifications for the selection of retailers and the amount of application
20 fees to be paid by each;
- 21 5. The amount and method of compensation to be paid to retailers, including special
22 bonuses and incentives;
- 23 6. Deadlines for claims for prizes by winners of each lottery game, however, in no
24 instance may the deadline be for more than one year;
- 25 7. Financial responsibility of persons licensed under this chapter;
- 26 8. Licensing procedures; and
- 27 9. Any other matters necessary or desirable for the efficient or economical operation
28 of the lottery or for the convenience of the public.

29 **53-12-19. Lottery operating fund established - Continuing appropriation -**
30 **Informational budget - Authorization of disbursements - Purposes.** There is established
31 within the state treasury the lottery operating fund into which must be deposited all revenues

1 from the sale of lottery tickets, interest received on moneys in the lottery operating fund, and all
2 other fees and moneys collected. All money in the funds created by this section are
3 continuously appropriated for the purposes specified in this section. Any disbursement from
4 the lottery operating fund must be by authorization of the director for any of the following
5 purposes:

- 6 1. The payment of prizes to the holders of valid, winning lottery tickets. A revolving
7 fund, designated as the "lottery prize payment fund", must be set apart and
8 maintained by the director and held by the state treasurer for the payment of
9 prizes;
- 10 2. Expenses of the lottery, which include all costs incurred in the operation and
11 administration of the lottery; all costs resulting from contracts entered into for the
12 purchase or lease of goods and services needed for operation of the lottery,
13 including supplies, materials, tickets, independent studies and surveys, data
14 transmission, advertising, printing, promotion, incentives, public relations,
15 communications, and compensation paid to lottery retailers; distribution of tickets;
16 and reimbursement of costs of facilities and services provided by other state
17 agencies; and
- 18 3. Transfers of net proceeds as provided by section 53-12-21.

19 **53-12-20. Amount from sale of tickets allocated for payment of prizes - Means of**
20 **payment for prizes.** As nearly as practical, a minimum of fifty percent of the projected
21 revenue from the sale of lottery tickets, computed on a year-round basis from the sale of on-line
22 lottery games, must be allocated for payment of prizes. The director shall award the
23 designated prize to the holder of the ticket upon validation of a winning claim ticket. The
24 director may make payment for prizes by any means the director deems appropriate upon the
25 validation of winning tickets.

26 **53-12-21. Net proceeds transfers.** Five percent of the gross profits generated from
27 the sale of lottery tickets, not to exceed four hundred thousand dollars per biennium, must be
28 transferred to the state treasurer for deposit in the compulsive gambling prevention and
29 treatment fund. The net proceeds, less the amount allocated to the compulsive gambling
30 prevention and treatment fund and a holdback of any reserve funds the director may need for

continuing operations, must be transferred to the state treasurer on at least an annual basis for deposit in the state general fund.

53-12-22. Counterfeiting lottery tickets - Penalty. Any person who, with intent to defraud, falsely makes, alters, forges, passes, or counterfeits a lottery ticket issued by the North Dakota lottery under this chapter is guilty of a class C felony.

53-12-23. Sale of tickets at price greater than that fixed by rules prohibited - Sale by authorized retailer only - Penalty. No person may sell a lottery ticket at a price greater than that fixed by the rules adopted under this chapter. No person other than a retailer licensed by the North Dakota lottery may sell or resell lottery tickets. Any person convicted of violating this section is guilty of a class A misdemeanor on the first offense and a class C felony on the second or subsequent offense.

53-12-24. Sale of ticket to minor prohibited - Violation. No lottery ticket may be sold or given to a minor. Any retailer, employee of a retailer, or any other person who knowingly sells or offers to sell or give a lottery ticket to a minor is guilty of a class B misdemeanor on the first offense and a class A misdemeanor on the second or subsequent offense.

53-12-25. Purchase of ticket or payment of prize to certain persons prohibited - Exceptions - Penalty.

1. A lottery ticket may not be purchased by, and a prize may not be paid to, any of the following individuals or to any immediate family member of the following persons:

a. Any member of the advisory commission or employee of the North Dakota lottery, unless authorized in writing by the director; or

b. Any officer or employee of a business that is currently engaged in supplying equipment, supplies, or services being used directly in the operation of any lottery conducted pursuant to this chapter, unless authorized in writing by the director.

2. This section does not prohibit any retailer or the retailer's employee from purchasing lottery tickets or from being paid a prize of a winning ticket.

- 1 3. Any person who knowingly violates this section is guilty of a class B misdemeanor
2 on the first offense and a class A misdemeanor on the second or subsequent
3 offense.

4 **53-12-26. Prize paid to holder of winning ticket - Deceased winner's prize paid to**
5 **representative - Prizes subject to taxation - Liability of lottery after payment of prize.**

6 The prize to be paid or awarded for each winning ticket must be paid to the person that is
7 adjudged by the director to be the holder of the winning ticket. However, the prize of a
8 deceased winner must be paid to the lawful representative of the estate of the winner. All
9 prizes awarded are subject to state and federal income tax laws and regulations. The state,
10 members of the advisory commission, and employees of the North Dakota lottery are
11 discharged of all further liability upon payment of a prize under this section.

12 **53-12-27. Lottery products on Indian reservations.** The North Dakota lottery may
13 license a retailer within the exterior boundaries of Indian reservations or on tribal trust land
14 referenced by the tribal-state gaming compacts in effect within the state.

15 **53-12-28. Confidentiality of lottery records.**

- 16 1. The following information and records of the North Dakota lottery are confidential:
17 a. Sales and income tax information, financial statements, and credit reports of
18 retailer applicants and persons seeking or doing business with the lottery, and
19 application information other than an applicant's name and retail location;
20 b. Information related to persons owing a debt to the state or having a debt
21 collected through a state agency made confidential by another state law or
22 rule remains confidential under this section;
23 c. Internal control and security procedures and information on bids or
24 contractual data, the disclosure of which is harmful to the efforts of the lottery
25 to contract for goods and services on favorable terms;
26 d. Personal information on a winning player unless the player authorizes, in
27 writing, release of the information; and
28 e. Sales data, the disclosure of which is harmful to the competitive position of
29 the lottery, retailers, or persons seeking or doing business with the lottery.
30 2. To be confidential, the information must be necessary to the security and integrity
31 of the lottery. The information and records may be disclosed within the attorney

1 general's office or to authorized persons in the proper administration of this chapter
2 or lottery rule or in accordance with a judicial order. Criminal history record check
3 information on a retailer applicant or person seeking or doing business with the
4 lottery may be disseminated only according to chapter 12-60.

5 **53-12-29. Lottery setoff program established - Computerized file of persons**

6 **owing state.** The director shall establish a liability setoff program by which lottery prize
7 payments may be used to satisfy debts owed or collected through state agencies. Any
8 participating state agency, on a monthly basis, shall provide the director a computerized file of
9 persons owing a debt to or collected through that state agency which contains the following
10 information: the first name, last name, middle initial, social security number, and the amount
11 and type of the debt.

12 **53-12-30. Debt setoff from prize due - Time limitation - Transfer of setoff amount**

13 **to agency.** The director shall match the information submitted by the agency with persons who
14 are entitled to a lottery prize payment in an amount equal to or greater than six hundred dollars.
15 If there is a match, the director shall set off the amount of the debt from the prize due and notify
16 the person of the setoff. If the setoff accounts for only a portion of the prize due, the remainder
17 of the prize shall be paid to the person. The director shall transfer the setoff amount to the
18 agency unless the person notifies the director, in writing, no later than thirty days after receiving
19 the notice of the setoff that the person disputes all or a part of the debt owed or to be collected
20 by the state agency.

21 **53-12-31. Advisory commission, employees, and lottery discharged from liability.**

22 The members of the advisory commission, director, employees, and the North Dakota lottery
23 are discharged of all further liability for the amount of any setoff paid to a state agency.

24 **53-12-32. Apportionment of prize among agencies - Priority of child support**

25 **payments.** If two or more agencies have delinquent accounts for the same person, the director
26 shall apportion the prize equally among them. However, a setoff to the department of human
27 services for child support payments has priority over all other setoffs.

28 **53-12-33. Collection of remainder of debt.** If the prize is insufficient to satisfy the

29 entire debt, the remainder of the debt may be collected by the agency as provided by law and
30 resubmitted for setoff against any other prize awarded.

53-12-34. Voluntary deposit of adverse claims to prize payment or award.

Notwithstanding sections 53-12-20, 53-12-24, 53-12-26, 53-12-30, and 53-12-32, if two or more persons or state agencies make adverse claims to all or a part of a prize payment or award, upon receipt of written notice from the claimants setting forth their respective claims, the director may deposit, in accordance with section 32-11-02, the contested amount of the prize payment or award with the clerk of court in the district in which an action pertaining to the contested amount is pending or with a court-authorized depository. Upon making the deposit, the state and its officials and employees are discharged and relieved from further liability to any person or agency on account of the prize payment or award.

SECTION 4. AMENDMENT. Subsection 2 of section 54-10-01 of the North Dakota Century Code is amended and reenacted as follows:

2. Perform or provide for the audit of the general purpose financial statements and a review of the material included in the comprehensive annual financial report of the state and perform or provide for the audits and reviews of state agencies. ~~The~~ Except for the annual audit of the North Dakota lottery required by section 53-12-07, the state auditor shall audit or review each state agency once every two years. The state auditor shall determine the contents of the audits and reviews of state agencies. The state auditor may conduct any work required by the federal government. The state auditor shall charge an amount equal to the cost of the audit and other services rendered by the state auditor to all agencies that receive and expend moneys from other than the general fund. This charge may be reduced for any agency that receives and expends both general fund and non-general fund moneys. Audits and reviews may be conducted at more frequent intervals if requested by the governor or legislative audit and fiscal review committee.

SECTION 5. A new subsection to section 57-38-57 of the North Dakota Century Code is created and enacted as follows:

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

chapter. The information obtained under this subsection is confidential and may be used for the sole purpose of determining whether the applicant meets the requirements of subdivision d of subsection 1 of section 53-12-13 and subdivision d of subsection 1 of section 53-12-14.

SECTION 6. A new subsection to section 57-39.2-04 of the North Dakota Century Code is created and enacted as follows:

Gross receipts from the sale of lottery tickets under chapter 53-12.

SECTION 7. A new subsection to section 57-39.2-23 of the North Dakota Century Code is created and enacted as follows:

The tax commissioner, upon written request from the director of the North Dakota lottery, may provide a written statement to the director, employees, or agents of the North Dakota lottery, in which the tax commissioner is limited to stating that the lottery retailer applicant has complied or not complied with the requirements of this chapter. the information obtained under this subsection is confidential and may be used for the sole purpose of determining whether the applicant meets the requirements of subdivision d of subsection 1 of section 53-12-13 and subdivision d of subsection 1 of section 53-12-14.

SECTION 8. ATTORNEY GENERAL REIMBURSEMENT - STARTUP EXPENSES.

During the biennium beginning July 1, 2003, and ending June 30, 2005, the attorney general's operating fund must be reimbursed from lottery gross profits, in an amount not to exceed \$85,000, for expenses associated with the startup of the lottery which were incurred before July 1, 2003.

SECTION 9. EMERGENCY. This Act is declared to be an emergency measure.