

**SECOND ENGROSSMENT  
with Conference Committee Amendments**

Fifty-ninth  
Legislative Assembly  
of North Dakota

**REENGROSSED HOUSE BILL NO. 1259**

Introduced by

Representatives R. Kelsch, DeKrey, Delmore

Senators Fischer, Klein, Trenbeath

1 A BILL for an Act to create and enact chapter 53-12.1 of the North Dakota Century Code,  
2 relating to a lottery; to amend and reenact subsection 5 of section 28-32-08.1, section  
3 50-06-22, subsection 2 of section 50-09-14, subsection 2 of section 54-10-01, subsection 7 of  
4 section 57-38-57, subsection 47 of section 57-39.2-04, and subsection 7 of section 57-39.2-23  
5 of the North Dakota Century Code, relating to economic impact statements, the compulsive  
6 gambling prevention and treatment fund, child support setoff, annual audits, compliance with  
7 tax reporting requirements, and sales tax exemptions; to repeal chapter 53-12 of the North  
8 Dakota Century Code, relating to a lottery; to provide a penalty; to provide a continuing  
9 appropriation; to provide an appropriation; to provide a contingent appropriation; and to declare  
10 an emergency.

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

12 **SECTION 1. AMENDMENT.** Subsection 5 of section 28-32-08.1 of the North Dakota  
13 Century Code is amended and reenacted as follows:

- 14 5. This section does not apply to any agency that is an occupational or professional  
15 licensing authority, nor does this section apply to the following agencies or  
16 divisions of agencies:
- 17 a. Council on the arts.
  - 18 b. Beef commission.
  - 19 c. Dairy promotion commission.
  - 20 d. Dry bean council.
  - 21 e. Highway patrolmen's retirement board.
  - 22 f. Indian affairs commission.
  - 23 g. Board for Indian scholarships.
  - 24 h. State personnel board.

- 1 i. Potato council.
- 2 j. Board of public school education.
- 3 k. Real estate trust account committee.
- 4 l. Seed commission.
- 5 m. Soil conservation committee.
- 6 n. Oilseed council.
- 7 o. Wheat commission.
- 8 p. State seed arbitration board.
- 9 q. North Dakota lottery.

10 **SECTION 2. AMENDMENT.** Section 50-06-22 of the North Dakota Century Code is  
11 amended and reenacted as follows:

12 **50-06-22. Compulsive gambling prevention and treatment fund - Continuing**  
13 **appropriation.** Funds deposited in the compulsive gambling prevention and treatment fund  
14 under section ~~53-12-24~~ 53-12.1-09 are appropriated to the department on a continuing basis  
15 for the purpose of providing the services under section 50-06-21.

16 **SECTION 3. AMENDMENT.** Subsection 2 of section 50-09-14 of the North Dakota  
17 Century Code is amended and reenacted as follows:

- 18 2. Any person aggrieved by an action taken by the state agency or a child support  
19 agency under section 14-09-25, chapter 35-34, this chapter, or by the North  
20 Dakota lottery director under chapter ~~53-12~~ 53-12.1 to establish or enforce a child  
21 support order may seek review of the action in the court of this state which issued  
22 or considered the child support order. If an order for child support was issued by a  
23 court or administrative tribunal in another state, any person aggrieved by an action  
24 taken by the state agency or a child support agency under section 14-09-25,  
25 chapter 35-34, this chapter, or by the North Dakota lottery director under chapter  
26 ~~53-12~~ 53-12.1 to enforce that order may seek review of the action in any court of  
27 this state which has jurisdiction to enforce that order, or if no court of this state has  
28 jurisdiction to enforce that order, in any court of this state with jurisdiction over the  
29 necessary parties. Any review sought under this subsection must be commenced  
30 within thirty days after the date of action for which review is sought. A person who

1           has a right of review under this subsection may not seek review of the actions in a  
2           proceeding under chapter 28-32.

3           **SECTION 4.** Chapter 53-12.1 of the North Dakota Century Code is created and  
4 enacted as follows:

5           **53-12.1-01. Definitions.** As used in this chapter:

- 6           1. "Director" means the director of the lottery.
- 7           2. "Lottery" means the division of the attorney general's office created to operate a  
8           lottery.
- 9           3. "Online lottery" means a game linked to a central computer via a  
10           telecommunications network in which the player selects a specified group of  
11           numbers or symbols out of a predetermined range of numbers or symbols.
- 12           4. "Retailer" means a person the lottery has licensed to sell or redeem a ticket.
- 13           5. "Ticket" means an original tangible evidence of play prescribed by the lottery and  
14           produced by a lottery terminal or a properly and validly registered subscription play  
15           to prove participation in a draw of a game for a chance to win a prize.

16           **53-12.1-02. Lottery - Administration - Line of credit.**

- 17           1. There is established a division of the attorney general's office called the North  
18           Dakota lottery. Under the supervision of the attorney general, a director shall  
19           administer the lottery as provided in this chapter. The director shall consider the  
20           sensitive nature of the lottery, promote games, and ensure the integrity, security,  
21           and fairness of the lottery's operation. The lottery is solely responsible for the  
22           management and control over the operation of its games.
- 23           2. The attorney general's office may arrange a short-term line of credit with the Bank  
24           of North Dakota should lottery funds on hand be insufficient to meet an immediate  
25           major prize obligation. The line of credit is limited to the amount of each prize of  
26           one hundred thousand dollars or more that relates to prize funds known to be due  
27           and forthcoming to the lottery from other government-authorized lotteries through  
28           the multistate lottery association. However, the line of credit may not exceed one  
29           million dollars in the aggregate.

30           **53-12.1-03. Director - Responsibilities.**

- 1           1. The attorney general shall appoint a director who shall serve at the pleasure of the  
2           attorney general.
- 3           2. Subject to policy of the attorney general, the director shall:
  - 4           a. Employ those persons deemed necessary to operate the lottery and provide  
5           secure facilities to house the lottery;
  - 6           b. Enter a written agreement with one or more government-authorized lotteries,  
7           or with an organization created and controlled by those lotteries, for  
8           conducting and marketing a joint lottery game;
  - 9           c. Provide for a secure computer data center and internal control system for the  
10           reliable operation of the lottery;
  - 11           d. Prepare and submit a budget for operating the lottery;
  - 12           e. Operate the lottery so it is self-sustaining and self-funded;
  - 13           f. Maintain books and records which accurately reflect each day's financial  
14           transactions, including the sale of tickets, receipt of funds and fees, prize  
15           payments, and expenses to ensure accountability;
  - 16           g. License a retailer to sell or redeem a ticket;
  - 17           h. Require a retailer to furnish proof of financial stability or post a bond in an  
18           amount the director deems necessary to protect the financial interest of the  
19           state;
  - 20           i. Timely and efficiently transfer lottery funds due from a retailer;
  - 21           j. Conduct a retailer promotion to promote the sale of a ticket;
  - 22           k. As necessary, enter a contract for a promotional service, an annuity for the  
23           payment of a prize, credit history report, security service, service from another  
24           state agency, marketing and related service, gaming system and related  
25           service, and other necessary service;
  - 26           l. Based on reasonable ground or written complaint, suspend or revoke a  
27           retailer's license or impose a monetary fine, or both, for a violation, by the  
28           retailer or employee of the retailer, of a lottery law or rule;
  - 29           m. Examine, or cause to be examined by an agent designated by the director,  
30           any book or record of a retailer to ensure compliance with the lottery law and  
31           rules;

- 1           n. Upon request, report to the legislative council regarding the operation of the  
2           lottery;
- 3           o. Make quarterly and annual financial reports to the governor and attorney  
4           general and a biennial report to the legislative assembly;
- 5           p. Have an annual audit, conducted by the state auditor, of the lottery. The  
6           director shall present the audit report to the governor, state treasurer, and  
7           legislative assembly;
- 8           q. As necessary, have an independent firm conduct a study and evaluation of  
9           security; and
- 10          r. As necessary, conduct a survey of retailers and players or a study of  
11          reactions of citizens to present and potential features of the lottery.

12          **53-12.1-04. Advisory commission - Penalty.**

- 13          1. There is created the lottery advisory commission, which is composed of five  
14          members, three of whom are legislators selected by the chairman of the legislative  
15          council and two of whom are selected by the attorney general. The term of office  
16          is three years, expiring on June thirtieth with no more than two terms expiring in  
17          any one year. Of the first members appointed, one must be appointed for a term  
18          of one year, two must be appointed for terms of two years, and two must be  
19          appointed for terms of three years. No member may be appointed to more than  
20          two consecutive terms. Each member must be a citizen of the United States and a  
21          resident of this state. A chairman of the commission must be chosen annually  
22          from the membership of the commission by a majority of its members at the first  
23          meeting of the commission each fiscal year. A member may serve as chairman for  
24          more than one year.
- 25          2. The lottery advisory commission shall meet at least once a quarter and any  
26          additional meetings as the chairman deems necessary. Special meetings may be  
27          called by the chairman upon the written request of the director or any three  
28          members of the commission.
- 29          3. The lottery advisory commission shall advise the director and attorney general on  
30          policy and general operation of the lottery and shall serve as the audit committee.

1           4. A member of the lottery advisory commission who is not a permanent full-time  
2           state employee is to be compensated at a rate of seventy-five dollars per day and  
3           entitled to mileage and expenses as provided by law for state employees. A state  
4           employee who is a member of the commission must receive that employee's  
5           regular salary and is entitled to mileage and expenses, to be paid by the employing  
6           agency.

7           5. No member of the lottery advisory commission, employee of the lottery, or any  
8           individual who regularly resides in the same household as either of those  
9           individuals may directly or indirectly, individually, as a partner of a partnership, or a  
10          stockholder, director, or officer of a corporation, have an interest in the gaming  
11          system or advertising agency vendor of the lottery. A knowing violation of this  
12          subsection is a class B misdemeanor.

13           **53-12.1-05. Competitive bidding - Investigation of a vendor.** Before a contract for a  
14 gaming system or marketing services is awarded, the director shall:

15           1. Use an open and competitive bid process which reflects the best interest of the  
16           state. The director shall consider all relevant factors, including security,  
17           competence, experience, timely performance, and maximization of net proceeds;  
18           and

19           2. Conduct a thorough background investigation of the lottery's gaming system and  
20           advertising agency vendors, all shareholders of ten percent or more interest, and  
21           all senior officers and directors of the vendors, including a parent or subsidiary  
22           corporation of the vendors. The director may use information of another  
23           government-authorized lottery or other source to determine the qualification and  
24           background of the vendors. The vendors shall submit appropriate investigation  
25           authorizations. The director may require any appropriate information from the  
26           vendors to preserve the integrity and financial security of the lottery.

27           **53-12.1-06. Retailer application - Fees - Display of license.**

28           1. An applicant for a license does not have a right to a license or granting of the  
29           approval sought. A license issued or approval granted is a suspendable or  
30           revocable privilege, and the holder does not acquire any vested interest in the  
31           license or approval granted.

- 1           2. An applicant for a license that has had an application denied or a license revoked  
2           may not reapply until at least one year has elapsed from the date of the denial or  
3           revocation unless the director determines that the reason for the denial of the  
4           application or revocation of the license has been remedied. A person who has had  
5           an application denied or a license revoked for a second time may not reapply until  
6           at least three years have passed since the date of the second denial or revocation.  
7           The decision of the director to deny an application or revoke a license is final and  
8           not appealable.
- 9           3. The director may charge an application fee to a person applying to become a  
10          retailer and a license fee.
- 11          4. A retailer license is:
- 12           a. Renewable annually unless it is sooner relinquished, suspended, or revoked;  
13           b. Not transferable or assignable to another person; and  
14           c. Required to be conspicuously displayed at the retailer's site.
- 15          **53-12.1-07. Selection and qualifications of a retailer.**
- 16          1. The director shall select a person that the director deems best able to serve the  
17          public convenience and promote the sale of a ticket. The director shall consider  
18          relevant factors, including applicant's credit history, physical security and public  
19          accessibility of the applicant's site, integrity, sufficiency of existing retailers to serve  
20          the public convenience, especially in a geographically remote area of the state,  
21          and volume of expected sales of tickets. A person lawfully engaged in  
22          nongovernmental business on state property or a person within the exterior  
23          boundary of an Indian reservation or on tribal trust land may be selected as a  
24          retailer.
- 25          2. A retailer may not be the lottery's gaming system or advertising agency vendor or  
26          an employee or agent of the vendor.
- 27          3. To be eligible as a retailer, an individual acting as a sole proprietor must:
- 28           a. Have a satisfactory credit check;  
29           b. Be current in payment of all taxes, interest, and penalties owed to the state  
30           and be current under a payment plan, excluding an item under formal dispute  
31           or appeal pursuant to law;

- 1           c. Be at least eighteen years of age;
- 2           d. Be of good character and reputation;
- 3           e. Not have been convicted of a felony in this or any other jurisdiction, unless at  
4           least ten years have passed since satisfactory completion of the sentence or  
5           probation imposed by the court in each felony;
- 6           f. Not have been found to have knowingly violated a lottery law or rule;
- 7           g. Not have been found to have a background, including a criminal record, or  
8           prior activities that pose a threat to the public interests of this state or to the  
9           security and integrity of the lottery, create or enhance the dangers of  
10           unsuitable or illegal practices in the conduct of lottery activities, or present  
11           questionable business practices and financial arrangements incidental to the  
12           lottery activity;
- 13           h. Not be a parent, stepparent, child, stepchild, spouse, or sibling who is a  
14           regular member of the same household of an employee of the lottery or  
15           member of the lottery advisory commission; and
- 16           i. Not have knowingly made a false statement of material fact to the lottery.
- 17        4. To be eligible as a retailer, a partnership must meet the requirement of  
18           subdivision a of subsection 3 and each partner must meet the requirements of  
19           subdivisions b through i of subsection 3.
- 20        5. To be eligible as a retailer, an organization other than a partnership must meet the  
21           requirements of subdivisions a and b of subsection 3 and each officer and director  
22           who is primarily responsible for making financial decisions and each shareholder  
23           who owns ten percent or more of an ownership interest in the organization must  
24           meet the requirements of subdivisions c through i of subsection 3.

25           **53-12.1-08. Purchase of ticket or payment of prize to certain persons prohibited -**

26           **Price of a ticket - Sale by retailer only - Retailer second chance drawing - Prize paid to**  
27           **owner of a winning ticket - Prize subject to taxation - Discharge of liability - Penalty.**

- 28           1. A ticket may not be bought by or otherwise provided to, and a prize may not be  
29           paid to, the following individuals or to a parent, stepparent, child, stepchild,  
30           spouse, or sibling who is a regular member of the same household of the following  
31           individuals:

- 1           a. A member of the lottery advisory commission or employee of the lottery,  
2           unless authorized in writing by the director; or
- 3           b. An officer or employee of the lottery's gaming system vendor.  
4           A person who knowingly violates this subsection is guilty of a class B  
5           misdemeanor on the first offense and a class A misdemeanor on a subsequent  
6           offense.
- 7           2. A retailer or employee of a retailer may buy a ticket and be paid a prize for a  
8           winning ticket.
- 9           3. Only a retailer may sell a ticket. A retailer may sell a ticket only at the site stated  
10           on the license. A retailer may not sell a ticket at a price greater than the price set  
11           by the lottery rules. A person convicted of violating this subsection is guilty of a  
12           class A misdemeanor on the first offense and a class C felony on a subsequent  
13           offense.
- 14           4. A retailer may conduct a second chance drawing of entry forms or nonwinning  
15           tickets to promote the sale of a ticket at that site.
- 16           5. No ticket may be sold or given to a minor. A retailer, employee of a retailer, or any  
17           other person who knowingly violates this subsection is guilty of a class B  
18           misdemeanor on the first offense and a class A misdemeanor on a subsequent  
19           offense.
- 20           6. The prize to be paid or awarded for a winning ticket must be paid to the person  
21           who the director determines is the owner of the ticket. However, the prize of a  
22           deceased winning player must be paid to the lawful representative of the estate.
- 23           7. If an individual steals a ticket from a retailer, the individual is guilty of a class A  
24           misdemeanor. However, if the total value of the tickets stolen exceeds five  
25           hundred dollars, the offense is a class C felony.
- 26           8. A prize awarded is subject to state and federal income tax laws and rules.
- 27           9. A person who, with intent to defraud, falsely makes, alters, forges, passes, or  
28           counterfeits a ticket or gift certificate issued by the lottery, regardless of the  
29           amount gained, is guilty of a class C felony.
- 30           10. The state, members of the lottery advisory commission, and employees of the  
31           lottery are discharged of all further liability upon payment of a prize.

1           **53-12.1-09. Operating fund - Continuing appropriation - Authorization of**  
2 **disbursements - Report - Net proceeds.** There is established within the state treasury the  
3 lottery operating fund into which must be deposited all revenue from the sale of tickets, interest  
4 received on money in the fund, and all other fees and moneys collected, less a prize on a  
5 winning ticket or lottery promotion paid by a retailer and the retailer's commission. Except for  
6 moneys in the lottery operating fund appropriated by the legislative assembly for administrative  
7 and operating costs of the lottery under section 53-12.1-10, all other money in the fund is  
8 continuously appropriated for the purposes specified in this section. During each regular  
9 session, the attorney general shall present a report to the appropriations committee of each  
10 house of the legislative assembly on the actual and estimated expenditures for the current  
11 biennium and projected expenditures for the subsequent biennium authorized by this section.  
12 A payment of a prize or expense or transfer of net proceeds by the lottery may be made only  
13 against the fund or money collected from a retailer on the sale of a ticket. A disbursement from  
14 the fund must be for the following purposes:

- 15           1. Payment of a prize as the director deems appropriate to the owner of a valid,  
16           winning ticket;
- 17           2. Payment of a gaming system or related service expense, game group dues, and  
18           retailer commissions; and
- 19           3. Transfer of net proceeds:
  - 20           a. Starting July 1, 2005, fifty thousand dollars must be transferred to the state  
21           treasurer each quarter for deposit in the compulsive gambling prevention and  
22           treatment fund;
  - 23           b. An amount for the lottery's share of a game's prize reserve pool must be  
24           transferred to the multistate lottery association; and
  - 25           c. The balance of the net proceeds, less holdback of any reserve funds the  
26           director may need for continuing operations, must be transferred to the state  
27           treasurer on at least an annual basis for deposit in the state general fund.

28           **53-12.1-10. Administrative and other operating costs of the lottery - Lottery**  
29 **operating fund.** Money in the lottery operating fund may be spent pursuant to legislative  
30 appropriation for costs of administering and operating the lottery, including costs relating to

1 employees, supplies, surveys, advertising and marketing, printing, promotion, premium  
2 incentive items, a facility, and services provided by another state agency.

3 **53-12.1-11. Confidentiality of records.**

- 4 1. The following information and records of the lottery are confidential:
- 5 a. Sales and income tax information, financial statements, and a credit report of  
6 a retailer applicant or person seeking or doing business with the lottery, and  
7 retailer application information other than the applicant's name and location;
- 8 b. Information related to a person owing a debt to the state or having a debt  
9 collected through a state agency that is made confidential by another state  
10 law or rule;
- 11 c. Internal control and security procedures, security information on a winning  
12 ticket, and information on a bid or contractual data, the disclosure of which is  
13 harmful to the efforts of the lottery to contract for goods and services on  
14 favorable terms;
- 15 d. Personal information on a winning player unless the player authorizes, in  
16 writing, release of the information; and
- 17 e. Lottery sales data, the disclosure of which is harmful to the competitive  
18 position of the lottery, retailer, or person seeking or doing business with the  
19 lottery. However, a retailer may authorize the lottery to release the retailer's  
20 lottery sales data.
- 21 2. To be confidential, information must relate to the security and integrity of the  
22 lottery. Information and records may be disclosed within the attorney general's  
23 office or to an authorized person in the proper administration of the lottery law and  
24 rules or in accordance with a judicial order. Criminal history record check  
25 information on an individual seeking or doing business with the lottery may be  
26 released only according to chapter 12-60.

27 **53-12.1-12. Setoff of prize.**

- 28 1. A claimant agency and the director shall cooperate on the setoff of a lottery prize  
29 against a delinquent debt. A claimant agency is an agency of the state of North  
30 Dakota that a person owes money to or that collects money on behalf of another  
31 party to satisfy a debt. The claimant agency and director shall share necessary

- 1           information, including the person's full name, social security number, and amount  
2           and type of debt, through a mutually convenient method to timely achieve a setoff  
3           of a prize.
- 4           2. The director shall establish a debt setoff process in which a lottery prize claim of  
5           an amount equal to or greater than six hundred dollars must be used to setoff a  
6           delinquent debt owed to or collected through a claimant agency.
- 7           3. If the director determines that a winning player owes a delinquent debt to or has a  
8           delinquent debt collected through a claimant agency, the director shall set off the  
9           amount of the debt from the prize due and notify the player, in writing, of the setoff.  
10          If the setoff accounts for only a portion of the prize due, the remainder of the prize  
11          must be paid to the player. The director shall transfer the setoff amount to the  
12          claimant agency unless the player notifies the director, in writing, within thirty days  
13          of the date of the notice of the setoff, that the player disputes all or part of the debt  
14          owed to or collected through the claimant agency. If the director receives a  
15          notification that the player disputes the setoff amount or claim upon which the  
16          setoff is based, the director shall grant a hearing to the player to determine  
17          whether the setoff is proper or the claim is valid, unless a review by a court is  
18          authorized under section 50-09-14. At a hearing, no issue may be reconsidered  
19          that the player has or could have previously litigated in a court or administrative  
20          proceeding.
- 21          4. The lottery is discharged of all further liability for the amount of any debt setoff paid  
22          to a claimant agency.
- 23          5. If two or more claimant agencies have delinquent accounts for the same player,  
24          the director shall apportion the prize equally among them. However, a setoff to the  
25          department of human services for child support payments has priority over all other  
26          setoffs.
- 27          6. If the prize is insufficient to satisfy the entire debt, the remainder of the debt may  
28          be collected by a claimant agency as provided by law or rule and resubmitted for  
29          setoff against any other prize awarded.
- 30          7. If two or more claimant agencies make adverse claims to all or a part of a prize  
31          payment, upon receipt of written notice from the claimant agencies setting forth

1           their claims, the director may deposit, in accordance with section 32-11-02, the  
2           contested amount of the prize payment with the clerk of court in the district in  
3           which an action pertaining to the contested amount is pending or with a  
4           court-authorized depository. If one of the claims is for child support, the director  
5           shall transfer the setoff amount to the state disbursement unit before depositing  
6           any remaining prize payment or award. Any review of this transfer to the state  
7           disbursement unit must be done pursuant to section 50-09-14. Upon making the  
8           deposit or transfer, the state and its officials and employees are discharged and  
9           relieved from further liability to any person or claimant agency related to the prize  
10          payment.

11          **53-12.1-13. Rules.** The attorney general shall adopt rules governing the operation of  
12 the lottery. The attorney general may adopt emergency rules as necessary without the grounds  
13 otherwise required under section 28-32-03. The attorney general shall adopt rules to address  
14 any matters necessary for the efficient operation of the lottery or convenience of the public,  
15 including:

- 16           1. Type of retailer where a ticket may be sold;
- 17           2. Qualification for selecting a retailer and amount of application and license fees;
- 18           3. Licensing procedure;
- 19           4. Method used to sell a ticket, including a gift certificate and subscription;
- 20           5. Financial responsibility of a retailer;
- 21           6. Retailer promotions;
- 22           7. Amount and method of commission to be paid to a retailer, including a special  
23           bonus or incentive;
- 24           8. Deadline for claiming a prize by the owner of a winning ticket, however, the  
25           deadline may not exceed one year;
- 26           9. Manner of paying a prize to the owner of a winning ticket; and
- 27           10. Setoff of a prize.

28          **SECTION 5. AMENDMENT.** Subsection 2 of section 54-10-01 of the North Dakota  
29 Century Code is amended and reenacted as follows:

- 30           2. Perform or provide for the audit of the general purpose financial statements and a  
31           review of the material included in the comprehensive annual financial report of the

1 state and perform or provide for the audits and reviews of state agencies. Except  
2 for the annual audit of the North Dakota lottery required by section ~~53-12-07~~  
3 53-12.1-03, the state auditor shall audit or review each state agency once every  
4 two years. The state auditor shall determine the contents of the audits and  
5 reviews of state agencies. The state auditor may conduct any work required by  
6 the federal government. The state auditor shall charge an amount equal to the  
7 cost of the audit and other services rendered by the state auditor to all agencies  
8 that receive and expend moneys from other than the general fund. This charge  
9 may be reduced for any agency that receives and expends both general fund and  
10 non-general fund moneys. Audits and reviews may be conducted at more frequent  
11 intervals if requested by the governor or legislative audit and fiscal review  
12 committee.

13 **SECTION 6. AMENDMENT.** Subsection 7 of section 57-38-57 of the North Dakota  
14 Century Code is amended and reenacted as follows:

15 7. The tax commissioner, upon written request from the director of the North Dakota  
16 lottery, may provide a written statement to the director, employees, or agents of  
17 the North Dakota lottery, in which the tax commissioner is limited to stating that the  
18 lottery retailer applicant has complied or not complied with the requirements of this  
19 chapter. The information obtained under this subsection is confidential and may  
20 be used for the sole purpose of determining whether the applicant meets the  
21 requirements of ~~subdivision d of subsection 1~~ subsections 3, 4, and 5 of section  
22 ~~53-12-13 and subdivision d of subsection 1 of section 53-12-14~~ 53-12.1-07.

23 **SECTION 7. AMENDMENT.** Subsection 47 of section 57-39.2-04 of the North Dakota  
24 Century Code is amended and reenacted as follows:

25 47. Gross receipts from the sale of lottery tickets under chapter ~~53-12~~ 53-12.1.

26 **SECTION 8. AMENDMENT.** Subsection 7 of section 57-39.2-23 of the North Dakota  
27 Century Code is amended and reenacted as follows:

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

1 chapter. The information obtained under this subsection is confidential and may  
2 be used for the sole purpose of determining whether the applicant meets the  
3 requirements of ~~subdivision d of subsection 1~~ subsections 3, 4, and 5 of section  
4 ~~53-12-13 and subdivision d of subsection 1 of section 53-12-14~~ 53-12.1-07.

5 **SECTION 9. REPEAL.** Chapter 53-12 of the North Dakota Century Code is repealed.

6 **SECTION 10. APPROPRIATION - ATTORNEY GENERAL - LOTTERY.** There is  
7 appropriated out of any moneys in the lottery operating fund in the state treasury, not otherwise  
8 appropriated, the sum of \$3,620,171, or so much of the sum as may be necessary, to the  
9 attorney general for the purpose of defraying the administrative and other operating costs of the  
10 North Dakota lottery, for the biennium beginning July 1, 2005, and ending June 30, 2007. The  
11 attorney general is authorized nine full-time equivalent positions for administering the lottery.

12 **SECTION 11. CONTINGENT APPROPRIATION - ADDITIONAL LOTTERY FUNDING**  
13 **- BUDGET SECTION REPORT.** There is appropriated out of any moneys in the lottery  
14 operating fund in the state treasury, not otherwise appropriated, the sum of \$279,020, or so  
15 much of the sum as may be necessary, to the attorney general for the purpose of defraying  
16 additional administrative and other operating costs of the North Dakota lottery if these costs  
17 exceed the funding appropriated in section 10 of this Act, for the biennium beginning July 1,  
18 2005, and ending June 30, 2007. The attorney general is authorized to hire up to two  
19 additional full-time equivalent positions under this section. The attorney general shall report  
20 any expenditures made or employees hired pursuant to this section to the budget section. If  
21 the additional funding and full-time equivalent authorization provided by this section is not  
22 adequate, the attorney general may seek emergency commission approval for additional  
23 spending or full-time equivalent authority.

24 **SECTION 12. EMERGENCY.** This Act is declared to be an emergency measure.