

Administrative Rules Committee
Testimony on Three Proposed Administrative Rules
By Julie Thompson, Interim Director, North Dakota Lottery
June 11, 2008

Mr. Chairman, and members of the Administrative Rules Committee, my name is Julie Thompson. I am the interim director of the ND Lottery, a division of the Office of Attorney General. Thank you for the opportunity to provide more detailed information on three proposed administrative rules which the Committee carried over from its March 12, 2008 meeting.

The Committee asked why the term "jurisdiction" needs to be added to the definition of multi-state lottery when the definition already includes references to a state, province, district, commonwealth, territory, or country. The term "jurisdiction" was added to the definition based on a recommendation of the Multi-State Lottery Association's attorney who was asked to critique the proposed rules. The recommendation has merit because the Lottery must partner with at least one other lottery in conducting a multi-state game, and it is not possible to predict whether a future partner in a game will fall within the classification of a state, province, district, commonwealth, territory, or country, but may instead be classified as, for instance, a protectorate or kingdom or some other form of governmental entity. The term "jurisdiction" is broad enough to encompass all such entities.

The Committee asked why inclusion of the term "raffle" in games authorized for the Lottery under NDAC Section 10-16-03-01 should not be considered an expansion of gaming. The term "raffle" is included only for clarification. The term "Lottery" as defined in the Century Code is:

... any plan for the distribution of a thing of value, whether tangible or intangible, to a person or person selected by chance from among participants, some or all of whom have given a consideration for the chance of being selected.

N.D.C.C. § 12.1-28-01(4)

The term "raffle" as defined in the Century Code is:

... a lottery in which each participant buys a ticket for a chance at a prize with the winner determined by a random method. "Raffle" does not include a slot machine.

N.D.C.C. § 53-04.1-01(14)

There are several reasons why the proposed rule should be adopted:

- A raffle meets the definition of an "online lottery" game as defined by NDCC Subsection 3 of Section 53-12.1-01.
- Most, if not all, of the other forty-two state lotteries have conducted one or more raffles, including Minnesota, South Dakota, and Montana.
- The Lottery's mission statement states, in part, that the Lottery is to maximize net proceeds for the benefit of the state by promoting entertaining games. A raffle is a proven entertaining and profitable lottery game.

The Committee asked why the phrase "or for a lottery promotion" is added to Subsection 1 of NDAC Section 10-16-03-05. The proposed rule relates directly to a 2007 legislative amendment to NDCC Subsection 3 of Section 53-12.1-08. The amended statute states, in part: "A retailer may sell a ticket at a temporary site for a special event authorized by the lottery." The corresponding rule states, in part: "Except for a lottery promotion, a complete sales transaction between the retailer and a player must occur at a terminal." A special event is a Lottery promotion. The law and rule, for example, provide the Lottery with the discretion to authorize a retailer to sell tickets on a weekend at an auto dealership during a promotion in which the Lottery awards a vehicle as a prize in a second chance drawing and in which the auto dealership co-sponsored the promotion by paying part of the cost of the vehicle.

Thank you.