

REFERENCE TITLE: lottery monies; primary care facilities.

State of Arizona  
House of Representatives  
Forty-eighth Legislature  
First Regular Session  
2007

# HB 2167

Introduced by  
Representatives Miranda: Ableser, Alvarez

AN ACT

AMENDING SECTIONS 5-504 AND 5-522, ARIZONA REVISED STATUTES; AMENDING TITLE 36, CHAPTER 1, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 36-144; RELATING TO THE STATE LOTTERY.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 5-504, Arizona Revised Statutes, is amended to  
3 read:

4 5-504. Commission; director; powers and duties; definitions

5 A. The commission shall meet with the director not less than once each  
6 quarter to make recommendations and set policy, receive reports from the  
7 director and transact other business properly brought before the commission.

8 B. The commission shall oversee a state lottery to produce the maximum  
9 amount of net revenue consonant with the dignity of the state. To achieve  
10 these ends, the commission shall authorize the director to adopt rules in  
11 accordance with title 41, chapter 6. Rules adopted by the director may  
12 include provisions relating to the following:

13 1. Subject to the approval of the commission, the types of lottery  
14 games and the types of game play-styles to be conducted.

15 2. The method of selecting the winning tickets or shares for  
16 noncomputerized on-line games, except that no method may be used which, in  
17 whole or in part, depends on the results of a dog race, a horse race or any  
18 sporting event.

19 3. The manner of payment of prizes to the holders of winning tickets  
20 or shares including providing for payment by the purchase of annuities in the  
21 case of prizes payable in installments, except that the commission staff  
22 shall examine claims and may not pay any prize based on altered, stolen or  
23 counterfeit tickets or based on any tickets which fail to meet established  
24 validation requirements, including rules stated on the ticket or in the  
25 published game rules, and confidential validation tests applied consistently  
26 by the commission staff. No particular prize in a lottery game may be paid  
27 more than once, and in the event of a binding determination that more than  
28 one person is entitled to a particular prize, the sole remedy of the  
29 claimants is the award to each of them of an equal portion of the single  
30 prize.

31 4. The method to be used in selling tickets or shares, except that no  
32 elected official's name may be printed on such tickets or shares. The  
33 overall estimated odds of winning some prize or some cash prize, as  
34 appropriate, in a given game shall be printed on each ticket or share.

35 5. The licensing of agents to sell tickets or shares, except that a  
36 person under the age of eighteen shall not be licensed as an agent.

37 6. The manner and amount of compensation to be paid licensed sales  
38 agents necessary to provide for the adequate availability of tickets or  
39 shares to prospective buyers and for the convenience of the public, including  
40 provision for variable compensation based on sales volume.

41 7. Matters necessary or desirable for the efficient and economical  
42 operation and administration of the lottery and for the convenience of the  
43 purchasers of tickets or shares and the holders of winning tickets or shares.

44 C. The commission shall authorize the director to issue orders and  
45 shall approve orders issued by the director for the necessary operation of

1 the lottery. Orders issued under this subsection may include provisions  
2 relating to the following:

3 1. The prices of tickets or shares in lottery games.

4 2. The themes, game play-styles, and names of lottery games and  
5 definitions of symbols and other characters used in lottery games, except  
6 that each ticket or share in a lottery game shall bear a unique  
7 distinguishable serial number.

8 3. The sale of tickets or shares at a discount for promotional  
9 purposes.

10 4. The prize structure of lottery games, including the number and size  
11 of prizes available. Available prizes may include free tickets in lottery  
12 games and merchandise prizes.

13 5. The frequency of drawings, if any, or other selections of winning  
14 tickets or shares, except that:

15 (a) All drawings shall be open to the public.

16 (b) The actual selection of winning tickets or shares may not be  
17 performed by an employee or member of the commission.

18 (c) Noncomputerized on-line game drawings shall be witnessed by an  
19 independent observer.

20 6. Requirements for eligibility for participation in grand drawings or  
21 other runoff drawings, including requirements for the submission of evidence  
22 of eligibility within a shorter period than that provided for claims by  
23 section 5-518.

24 7. Incentive and bonus programs designed to increase sales of lottery  
25 tickets or shares and to produce the maximum amount of net revenue for this  
26 state.

27 D. Notwithstanding title 41, chapter 6 and subsection B of this  
28 section, the director, subject to the approval of the commission, may  
29 establish a policy, procedure or practice that relates to an existing on-line  
30 game or a new on-line game which is the same type and has the same type of  
31 game play-style as an on-line game currently being conducted by the lottery  
32 or may modify an existing rule for an existing on-line game or a new on-line  
33 game which is the same type and has the same type of game play-style as an  
34 on-line game currently being conducted by the lottery, including establishing  
35 or modifying the matrix for an on-line game by giving notice of the  
36 establishment or modification at least thirty days before the effective date  
37 of the establishment or modification.

38 E. The commission shall maintain and make the following information  
39 available for public inspection at its offices during regular business hours:

40 1. A detailed listing of the estimated number of prizes of each  
41 particular denomination expected to be awarded in any instant game currently  
42 on sale.

43 2. After the end of the claim period prescribed by section 5-518, a  
44 listing of the total number of tickets or shares sold and the number of  
45 prizes of each particular denomination awarded in each lottery game.

1           3. Definitions of all play symbols and other characters used in each  
2 lottery game and instructions on how to play and how to win each lottery  
3 game.

4           F. Any information that is maintained by the commission and that would  
5 assist a person in locating or identifying a winning ticket or share or that  
6 would otherwise compromise the integrity of any lottery game is deemed  
7 confidential and is not subject to public inspection.

8           G. The commission ~~shall~~, in addition to other games authorized by this  
9 article, **SHALL** establish two special games for each year to be conducted  
10 concurrently with other lottery games authorized under subsection B of this  
11 section. The monies for prizes, for operating expenses and for payment to  
12 the commerce and economic development commission fund, as provided in section  
13 5-522, subsection A, paragraph ~~3~~, **2** shall be accounted for separately as  
14 nearly as practicable in the lottery commission's general accounting  
15 system. The monies shall be derived from the revenues of the special games,  
16 and monies for prizes do not become an expense to the lottery commission's  
17 annual appropriation as provided in section 5-505, subsection D and section  
18 5-522, subsection ~~H~~ **I**. Monies saved from the revenues of the special games,  
19 by reason of operating efficiencies, shall become other revenue of the  
20 lottery commission and revert to the state general fund.

21           H. The commission ~~may~~, in addition to other games authorized by this  
22 article, **MAY** establish multistate lottery games to be conducted concurrently  
23 with other lottery games authorized under subsections B and ~~H~~ **G** of this  
24 section. The monies for prizes, for operating expenses and for payment to  
25 the local transportation assistance fund, as provided in section 28-8101, and  
26 the state general fund shall be accounted for separately as nearly as  
27 practicable in the lottery commission's general accounting system. The  
28 monies shall be derived from the revenues of multistate lottery games.

29           I. The commission or director shall not establish or operate any  
30 on-line or electronic keno game or any game played on the internet.

31           J. The director shall print, in a prominent location on each lottery  
32 ticket or share, a statement that help is available if a person has a problem  
33 with gambling and a toll free telephone number where problem gambling  
34 assistance is available. The director shall require all licensed agents to  
35 post a sign with the statement that help is available if a person has a  
36 problem with gambling and the toll free telephone number at the point of sale  
37 as prescribed and supplied by the director. The requirements of this  
38 subsection apply to tickets and shares printed after July 18, 2000.

39           K. For the purposes of this section:

40           1. "Game play-style" means the process or procedure that a player must  
41 follow to determine if a lottery ticket or share is a winning ticket or  
42 share.

43           2. "Matrix" means the odds of winning a prize and the prize payout  
44 amounts in a given game.

1           Sec. 2. Section 5-522, Arizona Revised Statutes, is amended to read:  
2           5-522. Use of monies in state lottery fund

3           A. The monies in the state lottery fund shall be expended only for the  
4 following purposes and in the order provided:

5           1. For the expenses of the commission incurred in carrying out its  
6 powers and duties and in the operation of the lottery.

7           2. For payment to the commerce and economic development commission  
8 fund established by section 41-1505.10 of not less than twenty-one and  
9 one-half per cent of the revenues received from the sale of two special  
10 lottery games conducted for the benefit of economic development.

11           3. Except as provided in subsection F of this section, for payment to  
12 the local transportation assistance fund established by section 28-8101 of  
13 not less than twenty-nine per cent of the revenues received from the sale of  
14 multistate lottery games, up to a maximum of eighteen million dollars each  
15 fiscal year.

16           4. For payment to the state general fund of not less than twenty-one  
17 and one-half per cent of the revenues received from the sale of any instant  
18 bingo games conducted by the state lottery and not less than twenty-nine per  
19 cent of the revenues received from the sale of any on-line three-number games  
20 conducted by the state lottery, up to a maximum of ten million dollars each  
21 fiscal year, except that if on or before June 1 of each fiscal year the state  
22 lottery director determines that monies available to the Arizona state parks  
23 board heritage fund under subsection D of this section may not equal ten  
24 million dollars in that fiscal year or that the monies available to the  
25 Arizona game and fish commission heritage fund under subsection D of this  
26 section may not equal ten million dollars in that fiscal year, or both, the  
27 director shall authorize deposits to the Arizona state parks board heritage  
28 fund in an amount so that the total monies in that fund in that fiscal year  
29 equal ten million dollars or to the Arizona game and fish commission heritage  
30 fund in an amount so that the total monies in that fund in that fiscal year  
31 equal ten million dollars, or both. The state lottery director shall not  
32 make any deposits pursuant to this paragraph until after the director's  
33 determination each fiscal year.

34           5. Of the monies remaining in the state lottery fund from the sale of  
35 instant bingo games and on-line three-number games each fiscal year, thirty  
36 per cent shall be allocated to the funds and programs described in subsection  
37 E of this section and seventy per cent shall be deposited in the local  
38 transportation assistance fund established by section 28-8101. The director  
39 shall not allocate more than the amount specified in subsection E of this  
40 section for each fiscal year to the funds and programs described in  
41 subsection E of this section from the state lottery fund pursuant to this  
42 paragraph and subsection E of this section. A maximum of eighteen million  
43 dollars may be deposited in the local transportation assistance fund each  
44 fiscal year from the state lottery fund pursuant to this paragraph and  
45 paragraph 3 of this subsection.

1           B. Of the monies remaining in the state lottery fund after the  
2 appropriations authorized in subsection A of this section seventy-five per  
3 cent up to a maximum of twenty-three million dollars each fiscal year shall  
4 be deposited in the local transportation assistance fund established pursuant  
5 ~~to~~ BY section 28-8101 and twenty-five per cent up to a maximum of seven  
6 million six hundred fifty thousand dollars each fiscal year shall be  
7 deposited in the county assistance fund established pursuant to BY section  
8 41-175. Monies distributed pursuant to this subsection shall be in addition  
9 to monies distributed pursuant to subsection A, paragraphs ~~4-3~~ and ~~6-5~~ of  
10 this section.

11           C. Notwithstanding subsection B of this section, if the state lottery  
12 director determines at the beginning of any fiscal year that monies available  
13 to cities, towns and counties under this section may not equal thirty million  
14 six hundred fifty thousand dollars, the director shall not authorize deposits  
15 to the county assistance fund until the deposits to the local transportation  
16 assistance fund equal twenty-three million dollars.

17           D. Of the monies remaining in the state lottery fund each fiscal year  
18 after appropriations and deposits authorized in subsections A, B and C of  
19 this section, ten million dollars shall be deposited in the Arizona state  
20 parks board heritage fund established pursuant to BY section 41-502 and ten  
21 million dollars shall be deposited in the Arizona game and fish commission  
22 heritage fund established pursuant to BY section 17-297.

23           E. Of the monies remaining in the state lottery fund each fiscal year  
24 after appropriations and deposits authorized in subsections A, B, C and D of  
25 this section, and appropriations and deposits to the local transportation  
26 assistance fund authorized by this section, five million dollars shall be  
27 allocated to the department of economic security for the healthy families  
28 program established by section 8-701, four million dollars shall be allocated  
29 to the Arizona board of regents for the Arizona area health education system  
30 established by section 15-1643, three million dollars shall be allocated to  
31 the department of health services to fund the teenage pregnancy prevention  
32 programs established in Laws 1995, chapter 190, sections 2 and 3, two million  
33 dollars shall be allocated to the department of health services for the  
34 health start program established by section 36-697, two million dollars shall  
35 be deposited in the disease control research fund established by section  
36 36-274 and one million dollars shall be allocated to the department of health  
37 services for the federal women, infants and children food program. The  
38 allocations in this subsection shall be adjusted annually according to  
39 changes in the GDP price deflator as defined in section 41-563 and the  
40 allocations are exempt from the provisions of section 35-190, relating to  
41 lapsing of appropriations. If there are not sufficient monies available  
42 pursuant to this subsection, the allocation of monies for each program shall  
43 be reduced on a pro rata basis.

1 F. OF THE MONIES REMAINING IN THE STATE LOTTERY FUND EACH FISCAL YEAR  
2 AFTER APPROPRIATIONS AND DEPOSITS AUTHORIZED IN SUBSECTIONS A, B, C, D AND E  
3 OF THIS SECTION, THREE MILLION DOLLARS SHALL BE DEPOSITED IN THE PRIMARY CARE  
4 FACILITIES CAPITAL CONSTRUCTION FUND ESTABLISHED BY SECTION 36-144.

5 ~~F.~~ G. Notwithstanding subsection A, paragraph 3 of this section, if  
6 the state lottery director determines that monies available to the state  
7 general fund from the sale of multistate lottery games may not equal  
8 thirty-one million dollars in a fiscal year, the director shall not authorize  
9 deposits to the local transportation assistance fund pursuant to subsection  
10 A, paragraph ~~4~~ 3 of this section until the deposits to the state general  
11 fund from the sale of multistate lottery games equal thirty-one million  
12 dollars in a fiscal year.

13 ~~G.~~ H. All monies remaining in the state lottery fund after the  
14 appropriations and deposits authorized in this section shall be deposited in  
15 the state general fund.

16 ~~H.~~ I. Except for monies expended for prizes as provided in section  
17 5-504, subsection ~~H~~ G and section 41-1505.10, monies expended under  
18 subsection A of this section shall be subject to legislative appropriation.

19 Sec. 3. Title 36, chapter 1, article 2, Arizona Revised Statutes, is  
20 amended by adding section 36-144, to read:

21 36-144. Primary care facilities capital construction fund

22 A. THE PRIMARY CARE FACILITIES CAPITAL CONSTRUCTION FUND IS  
23 ESTABLISHED. THE DEPARTMENT OF HEALTH SERVICES SHALL ADMINISTER THE FUND.  
24 THE FUND CONSISTS OF MONIES DEPOSITED PURSUANT TO SECTION 5-522 AND ALL OTHER  
25 MONIES CREDITED OR TRANSFERRED FROM ANY OTHER FUND OR SOURCE.

26 B. MONIES IN THE PRIMARY CARE FACILITIES CAPITAL CONSTRUCTION FUND ARE  
27 SUBJECT TO LEGISLATIVE APPROPRIATION AND SHALL BE DISTRIBUTED IN THE FORM OF  
28 GRANTS FOR CAPITAL CONSTRUCTION OF PRIMARY CARE FACILITIES. THE DEPARTMENT  
29 OF HEALTH SERVICES SHALL DEVELOP APPLICATION PROCEDURES AND SELECTION  
30 CRITERIA FOR PERSONS WHO WISH TO APPLY FOR GRANTS FROM THE FUND.

31 C. THE STATE TREASURER SHALL INVEST AND DIVEST MONIES IN THE FUND AS  
32 PROVIDED IN SECTION 35-313, AND MONIES EARNED FROM INVESTMENT SHALL BE  
33 CREDITED TO THE FUND.

34 D. MONIES IN THE FUND ARE EXEMPT FROM THE PROVISIONS OF SECTION 35-190  
35 RELATING TO LAPSING OF APPROPRIATIONS.