

HOUSE BILL NO. 239  
INTRODUCED BY T. FACEY

A BILL FOR AN ACT ENTITLED: "AN ACT LOWERING THE COMMISSION OF LOTTERY TICKET SALES AGENTS; PLACING A LIMIT ON THE AMOUNT THAT MAY BE USED TO OPERATE THE LOTTERY; AMENDING SECTIONS 23-7-301 AND 23-7-402, MCA; AND PROVIDING AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**Section 1.** Section 23-7-301, MCA, is amended to read:

**"23-7-301. Ticket or chance sales agents -- licenses.** (1) Lottery tickets or chances may be sold only by ticket or chance sales agents licensed by the director in accordance with this section.

(2) The commission shall by rule determine the places at which state lottery game tickets or chances may be sold.

(3) (a) Before issuing a license, the director shall consider:

(i) the financial responsibility and security of the applicant and the applicant's business or activity;

(ii) the accessibility of the applicant's place of business or activity to the public; and

(iii) the sufficiency of existing licenses to serve the public convenience and the volume of the expected sales.

(b) A person under 18 years of age may not sell lottery tickets or chances.

(c) A license as an agent to sell lottery tickets or chances may not be issued to any person to engage in business exclusively as a lottery ticket or chance sales agent.

(4) The director may issue temporary licenses upon conditions that the director considers necessary.

(5) License applicants shall pay a \$50 fee to cover the cost of investigating and processing the application.

(6) The director may require a bond from any licensed agent in an amount provided in the commission's rules and may purchase a blanket bond covering the activities of licensed agents.

(7) A licensed agent shall display the license or a copy of the license conspicuously in accordance with the commission's rules.

(8) A license is not assignable or transferable.

(9) An employee of a ticket or chance sales agent may not be required to sell lottery game tickets or

chances if the sale is against the employee's religious or moral beliefs.

(10) Sales agents are entitled to a commission of no more than ~~10%~~ 9.5% of the face value of tickets and chances that they purchase from the lottery and do not return. ~~However, to further the sale of lottery products, the lottery commission may adopt rules providing additional commissions to sales agents based on incremental sales.~~ Commissions may not come from that part of all gross revenue that is net revenue and is paid to the general fund. The commissions are statutorily appropriated, as provided in 17-7-502, to the lottery.

(11) Each sales agent shall keep a complete and up-to-date set of records and accounts fully showing the agent's sales and provide it for inspection upon request of the commission, the director, the department of administration, the office of the legislative auditor, or the office of the attorney general.

(12) Sales agents may pay the state lottery only by check, bankdraft, electronic funds transfer, or other recorded, noncash, financial transfer method as determined by the director.

(13) A license may be suspended or revoked for failure to maintain the license qualifications provided in subsection (3) or for violation of any provision of this chapter or a commission rule. Prior to suspension or revocation, the licensee must be given notice and an opportunity for a hearing."

**Section 2.** Section 23-7-402, MCA, is amended to read:

**"23-7-402. Disposition of revenue.** (1) (a) A minimum of 45% of the money paid for tickets or chances must be paid out as prize money. The prize money is statutorily appropriated, as provided in 17-7-502, to the lottery.

(b) A maximum of 19% of the money paid for tickets or chances, and no other part of gross revenue, may be used for state lottery operating expenses, except that in the 12-month period beginning July 1, 2003, a maximum of 20.5% of the money paid for tickets or chances may be used for state lottery operating expenses.

(2) Commissions paid to lottery ticket or chance sales agents are not a state lottery operating expense.

(3) That part of all gross revenue not used for the payment of prizes, commissions, and operating expenses, together with the interest earned on the gross revenue while the gross revenue is in the enterprise fund, is net revenue. Net revenue must be transferred quarterly from the enterprise fund established by 23-7-401 to the state general fund.

(4) The spending authority of the lottery may be increased in accordance with this section upon review and approval of a revised operation plan by the office of budget and program planning."

NEW SECTION. **Section 3. Applicability.** [This act] applies to contracts with ticket or chance sales

agents entered into or renewed after [the effective date of this act].

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