

Article 2.

North Carolina State Lottery Commission.

§ 18C-110. Establishment of the North Carolina State Lottery Commission to be a self-supporting agency of the State.

There is created the North Carolina State Lottery Commission to establish and oversee the operation of a Lottery. The Commission shall be located in the Department of Commerce for budgetary purposes only; otherwise, the Commission shall be an independent, self-supporting, and revenue-raising agency of the State. The Commission shall reimburse other governmental entities that provide services to the Commission. (2005-344, s. 1.)

§ 18C-111. Commission membership; appointment; selection of chair; vacancies; removal; meetings; compensation.

(a) The Commission shall consist of nine members, five of whom shall be appointed by the Governor, two of whom shall be appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate, and two of whom shall be appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives. Commissioners may be removed by the appointing authority for cause. The Governor shall select the chair of the Commission from among its membership, who shall serve at the pleasure of the Governor.

(b) Of the initial appointees of the Governor, three members shall serve a term of one year, one member shall serve a term of two years, and one member shall serve a term of three years. Of the initial appointees of the General Assembly upon the recommendation of the President Pro Tempore of the Senate, one member shall serve a term of two years, and one member shall serve a term of three years. Of the initial appointees of the General Assembly upon the recommendation of the Speaker of the House of Representatives, one member shall serve a term of two years, and one member shall serve a term of three years. All succeeding appointments shall be for terms of five years. Members shall not serve for more than two successive terms.

(c) Vacancies shall be filled by the appointing authority for the unexpired portion of the term in which they occur.

(d) The Commission shall meet at least quarterly upon the call of the chair. A majority of the total membership of the Commission shall constitute a quorum.

(e) Members of the Commission shall receive per diem, subsistence, and travel as provided in G.S. 138-5 and G.S. 138-6. (2005-344, s. 1; 2005-276, s. 31.1(d); 2006-259, s. 8(c).)

§ 18C-112. Qualifications of Commissioners.

(a) Of the members of the Commission appointed by the Governor, at least one member shall have a minimum of five years' experience in law enforcement. Notwithstanding subsection (e) of this section, a member serving in this slot may be an elected law enforcement official.

(b) Of the members appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate, one member shall be a certified public accountant.

(c) Of the members of the Commission appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives, one member shall have retail sales experience as an owner or manager.

(d) In making appointments to the Commission, the appointing authorities shall consider the composition of the State with regard to geographic representation and gender, ethnic, racial, and age composition.

(e) If any member takes any of the following actions, the member vacates office as a member of the Commission and the vacancy shall be filled as provided by G.S. 18C-111(c):

- (1) Files a notice of candidacy under G.S. 163-106 through 163-106.6 or a petition under G.S. 163-107.1.
- (2) Is nominated to fill a vacancy among party nominees under G.S. 163-114 or G.S. 163-115.
- (3) Files a petition as an unaffiliated candidate under G.S. 163-122.
- (4) Files a declaration of intent as a write-in candidate under G.S. 163-123.
- (5) Is nominated by party convention under G.S. 163-98. (2005-344, s. 1; 2005-276, s. 31.1(e); 2011-145, s. 6.18; 2011-391, s. 10; 2017-3, s. 1; 2017-6, s. 3; 2017-206, s. 8; 2018-146, ss. 3.1(a), (b), 6.1.)

§ 18C-113. Meetings; records.

(a) Meetings of the Commission shall be subject to Article 33C of Chapter 143 of the General Statutes.

(b) Records of the Commission shall be open and available to the public in accordance with Chapter 132 of the General Statutes, except as provided in this Article or unless disclosure could be used to potentially (i) provide an unfair advantage to a player or (ii) impair or adversely impact the security or integrity of the operation of the Lottery, any of its games, or investigations into potentially fraudulent or other activities in violations of any laws, Lottery rules, regulations, and policies.

(c) Personnel records of the Commission are subject to Article 7 of Chapter 126 of the General Statutes.

(d) Only the following information concerning a lottery winner is a public record: (i) name, (ii) city and state of residence, (iii) game played, (iv) amount won, and (v) date won. For purposes of this subsection, amount won means the nominal prize amount, the cash payment if different from the nominal prize amount, and the cash payment after taxes are withheld. (2005-344, s. 1; 2009-357, s. 6; 2023-42, s. 4(h).)

§ 18C-114. Powers and duties of the Commission.

(a) The Commission shall have the following powers and duties:

- (1) To specify the types of lottery games and gaming technology to be used in the Lottery.
- (2) To prescribe the nature of lottery advertising which shall comply with the following:
 - a. All advertising shall include resources for responsible gaming information.
 - b. No advertising may intentionally target specific groups or economic classes.
 - c. No advertising may be misleading, deceptive, or present any lottery game as a means of relieving any person's financial or personal difficulties.
 - d. No advertising may have the primary purpose of inducing persons to participate in the Lottery.
- (3) To specify the number and value of prizes for winning tickets or shares in lottery games, including cash prizes, merchandise prizes, prizes consisting of deferred

- payments or annuities, and prizes of tickets or shares in the same lottery game or other lottery games.
- (4) To specify the rules of lottery games and the method for determining winners of lottery games.
 - (5) To specify the retail sales price for tickets or shares for lottery games.
 - (6) To establish a system to claim prizes, including determining the time periods within which prizes must be claimed, to verify the validity of tickets or shares claimed to win prizes, and to effect payment of those prizes.
 - (7) To conduct a background investigation, including a criminal history record check, of applicants for the position of Director, which may include a search of the State and National Repositories of Criminal Histories based on the fingerprints of applicants.
 - (8) To charge a fee of potential contractors, of lottery contractors, of lottery retailers, and of licensees and potential licensees and their key persons not to exceed the cost of the criminal history record check.
 - (9) To specify the manner of distribution, dissemination, or sale of lottery tickets or shares to lottery game retailers or directly to the public.
 - (10) To determine the incentives, if any, for any lottery employees, lottery retailers, lottery contractors, or electronic computer terminal operators.
 - (11) To specify the authority, compensation, and role of the Director, and to specify the authority, selection, and role of the other employees of the Commission. All of the following apply to all employees of the Commission:
 - a. No employee of the Commission may have a financial interest in any lottery potential contractor, lottery contractor or licensee, other than an interest as part of a mutual fund.
 - b. No employee of the Commission with decision-making authority shall participate in any decision involving the retailer, potential contractor, licensee, or license applicant with whom the employee has a financial interest.
 - c. No employee of the Commission who leaves the employment of the Commission may represent any licensee, license applicant, lottery contractor, potential contractor, or retailer before the Commission for a period of one year following termination of employment with the Commission.
 - d. A background investigation shall be conducted on each applicant for employment with the Commission.
 - e. The Commission shall bond all employees with access to lottery funds or revenue or security.
 - (12) To approve and authorize the Director to enter into agreements with other states to operate and promote multistate lotteries consistent with the purposes set forth in this Chapter.
 - (13) Any other powers necessary for the Commission to carry out its responsibilities under this Chapter.
 - (14) To adopt and implement any rules necessary to carry out the provisions of this Chapter, resolving any conflicts in this Chapter to the best interest of the State.
- (b) Article 15 of Chapter 143B of the General Statutes shall not apply to the Commission.

(c) The Commission and the Department of Revenue may agree to exchange any data necessary to enforce and administer Articles 9 and 10 of this Chapter and Article 2E of Chapter 105 of the General Statutes, including information deemed necessary to perform an audit of a licensee or taxpayer under those Articles. (2005-344, s. 1; 2005-276, s. 31.1(f); 2009-357, s. 1; 2009-570, s. 32(b), (c); 2015-241, s. 7A.4(a); 2023-42, s. 4(a).)

§ 18C-115. Reports.

(a) Reports on Operation of the Commission. – The Commission shall send quarterly and annual reports on the operations of the Commission to the Governor, State Treasurer, and to the Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, the chairs of the Senate Appropriations Committee on Agriculture, Natural, and Economic Resources, and the chairs of the House of Representatives Appropriations Committee on Agriculture and Natural and Economic Resources. The reports shall include complete statements of lottery revenues, prize disbursements, expenses, net revenues, and all other financial transactions involving lottery funds, including the occurrence of any audit.

(b) Disclosure of Proceeds From Lottery Funding. – Each State department or agency receiving lottery funds shall use its established communications channels to inform the public about amounts received and activities supported by lottery proceeds. (2005-344, s. 1; 2006-225, s. 2; 2014-100, s. 5.2(g); 2015-241, s. 15.23; 2017-57, s. 14.1(o).)

§ 18C-116. Audits.

The State Auditor shall conduct annual audits of all accounts and transactions of the Commission and any other special postaudits the State Auditor considers to be necessary. (2005-344, s. 1.)

§§ 18C-117 through 18C-119: Reserved for future codification purposes.