

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

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SENATE BILL 1423

Short Title: NC Lottery Abatement Compact.

(Public)

Sponsors: Senator Wellons.

Referred to: Appropriations/Base Budget.

June 13, 2002

1 A BILL TO BE ENTITLED
2 AN ACT TO DIRECT THE GOVERNOR TO ENTER INTO A COMPACT WITH
3 THE STATES OF SOUTH CAROLINA, VIRGINIA, AND GEORGIA FOR
4 RETURN OF A PORTION OF THE LOTTERY PROCEEDS IN THOSE STATES
5 ATTRIBUTABLE TO SALES TO NORTH CAROLINIANS IN EXCHANGE FOR
6 THE ABATEMENT OF THE CONSIDERATION OF ESTABLISHING A NORTH
7 CAROLINA LOTTERY FOR A PERIOD OF FIVE YEARS.

8 The General Assembly of North Carolina enacts:

9 SECTION 1. The General Statutes are amended by adding a new Chapter to
10 read:

11 "Chapter 143D.

12 "North Carolina Lottery Abatement Compact.

13 "**§ 143D-101. Execution of compact.**

14 The Governor shall execute a compact on behalf of this State with the states of
15 South Carolina, Virginia, and Georgia legally joining therein in the form substantially as
16 follows: The contracting states solemnly agree.

17 "**§ 143D-102. Findings and purposes.**

18 (a) At the present time:

19 (1) North Carolina does not operate a State lottery.

20 (2) South Carolina and Virginia operate state lotteries.

21 (3) Georgia has created a Georgia Lottery Corporation that operates a
22 lottery for the benefit of the state of Georgia.

23 (4) North Carolinians play the lotteries in these three states.

24 (5) Possession of lottery tickets is illegal in North Carolina, pursuant to
25 G.S. 14-290.

26 (b) The General Assembly of North Carolina has been considering the
27 establishment of a State lottery since 1983.

1 (c) The abatement of consideration of a North Carolina lottery would be
2 financially beneficial to the states with existing lotteries through the prevention of
3 competition from a new and novel lottery in North Carolina that would reduce the
4 lottery incomes to those states.

5 (d) The organizations operating the lotteries can determine exactly what portion
6 of their net proceeds come from sales of lottery tickets and shares to North Carolinians,
7 since the operators must identify the winners of certain prizes under federal law, and the
8 winners are a random sample of the players of the lottery games.

9 **"§ 143D-103. Agreement of parties.**

10 The parties agree to the following:

- 11 (1) North Carolina agrees not to establish a lottery for a period of five
12 years from the effective date of this compact.
- 13 (2) The states of South Carolina and Virginia will submit to the North
14 Carolina Office of State Budget and Management, no later than March
15 1 of each year, the audited figures for the amount of gross sales of
16 tickets and shares to residents of North Carolina for each game
17 operated by their state lottery.
- 18 (3) The state of Georgia shall require that the Georgia Lottery Corporation
19 submit to the North Carolina Office of State Budget and Management,
20 no later than March 1 of each year, the audited figures for the amount
21 of gross sales of tickets or shares to residents of North Carolina for
22 each game operated by the Georgia Lottery Corporation.
- 23 (4) North Carolina shall have until May 15 to accept or protest the figures
24 submitted about the gross sales of lottery tickets or shares to residents
25 of North Carolina. If North Carolina protests the amount, then the
26 amount in controversy shall be placed in a fund and held in escrow
27 until the issue of the amount of gross sales attributable to North
28 Carolinians is determined in an appropriate forum.
- 29 (5) When the amount of gross sales of tickets or shares attributable to the
30 residents of North Carolina is determined, the lottery state shall
31 transmit to the Treasurer of North Carolina an amount equal to seventy
32 percent (70%) of the net proceeds from those gross sales.
- 33 (6) North Carolina shall amend G.S. 14-290 to make legal the possession
34 of lottery tickets sold by the lotteries in states that are signatories to
35 this compact.

36 **"§ 143D-104. Withdrawal from compact.**

37 Any state that is a signatory to this compact may withdraw from the compact by
38 enacting a statute repealing the same, but no withdrawal shall be effective until the
39 Governor of the withdrawing state shall have sent formal notice in writing to the
40 Governor or each other party state informing those Governors of the action of the
41 legislature in repealing the compact and declaring an intention to withdraw. The
42 withdrawal shall be effective on a date set by the withdrawing state, but not less than 90
43 days after the enactment of the withdrawal statute."

1 **SECTION 2.** This act becomes effective either on July 1, 2002, or upon the
2 enactment by the states of South Carolina, Virginia, and Georgia and approval by the
3 Congress of the United States.