

NORTH DAKOTA LOTTERY

Administrative Rules Committee Meeting
December 8, 2014

Mr. Chairman, and members of the Committee, my name is Randy Miller. I am the director of the North Dakota Lottery, a division of the Office of Attorney General. Today, I will be providing information describing the procedure followed by the North Dakota Lottery in adopting the amended rules to be published in the January 2015 supplement to the North Dakota Administrative Code.

I will begin by addressing the questions listed in the Legislative Council's November 20, 2014 email. Please feel free to ask questions at any time.

1. The rules do not result from statutory changes made by the Legislative Assembly.
2. The rules do not relate to any federal statute or regulation.
3. The Lottery drafted the amended rules which the Lottery Advisory Commission approved on June 27, 2014. A notice of public hearing was filed with the Legislative Council on June 30, 2014. The Lottery provided notice to Chairman Devlin on July 1, 2014. Notifications on the public hearings and availability of the proposed rules were publicized in 52 county newspapers during July 10 to July 21, 2014. The rules were available at the public hearing, Lottery's office, Lottery's website, and to the public upon request. A terminal message was sent to retailers.

The Lottery conducted one public hearing on August 11, 2014 in Bismarck - no one attended the hearing.

The Office of Attorney General examined and approved the proposed rules as to their legality. The Lottery filed the rules with the Legislative Council.

4. There were no written or oral public comments received on the rules. Although the North Dakota Lottery staff submitted a comment prior to the close of the public comment period.

Chapter 10-16-10-04.7 Additional conditions. (Players Club Points for Drawings)

Comment: Correct language that only cash prizes are subject to debt setoff, not merchandise.

Revision:

Winners' cash prizes are subject to debt setoff of certain governmental debts. Unless otherwise noted on the North Dakota Lottery Players ClubSM website, if a merchandise winner fails to satisfy an outstanding debt within thirty days of notification of the debt, the

NDL may, at its sole discretion, disqualify the winner, and the next alternate will become the winner.

5. The approximate cost of giving public notice, holding a hearing, and developing and adopting the rules (excluding staff time) is:

Publishing notices of public hearings	\$2,127
Holding public hearings	0
Developing and adopting the rules	<u>0</u>
Total	\$2,127

6. The purpose of the amendments is to meet the online vendor's conversion date and implementation of new products/services, along with the Multi-State Lottery Association game changes for 2by2. The amendments addressing changes to General Rules definitions; Retailer duties and sales and bonus commission; Conduct and Play sale or gift of a ticket, validation of a ticket, and subscription; 2by2 Game expected prize pool percentage and odds and Tuesday draw double prize feature; and North Dakota Lottery Players Club Points for Prizes and Points for Drawings are emergency rules with a declared effective date as interim final rules of July 6, 2014.
7. A regulatory analysis was not required by NDCC Section 28-32-08.
8. A regulatory analysis or economic impact statement of impact on small entities was not required by NDCC Section 28-32-08.1.
9. The rules do not have a fiscal effect on state revenues and expenditures.
10. A constitutional takings assessment was not required by NDCC Section 28-32-09.
11. The amendments were adopted as emergency rules to meet the online vendor's conversion date and implementation of new products/services, along with the Multi-State Lottery Association game changes for 2by2. NDCC Section 53-12.1-13 allows the attorney general to adopt emergency rules as necessary without the grounds otherwise required under NDCC Section 28-32-03.

This completes my testimony. Thank you for the opportunity to appear before the Committee to describe the procedure followed by the Lottery in adopting the rules.

If there are any other questions, I would be happy to answer them at this time.