

Second Regular Session
Seventy-first General Assembly
STATE OF COLORADO

DRAFT
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LLS NO. 18-0546.01 Esther van Mourik x4215

COMMITTEE BILL

Committee on Legal Services

BILL TOPIC: "Relocate Title 24 Lottery To New Title 44"

A BILL FOR AN ACT

101 **CONCERNING THE NONSUBSTANTIVE RELOCATION OF LAWS RELATED**
102 **TO THE REGULATION OF THE LOTTERY FROM TITLE 24,**
103 **COLORADO REVISED STATUTES, TO A NEW TITLE 44 AS PART OF**
104 **THE ORGANIZATIONAL RECODIFICATION OF TITLE 12.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Committee on Legal Services. Current law directs the office of legislative legal services to study the organizational recodification of title 12 of the Colorado Revised Statutes, which relates to professions and

*Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

occupations. One recommendation of the study is to relocate laws located in title 24 that are administered by the department of revenue to a new title 44, which will consist solely of laws administered by the department of revenue that regulate a variety of activities.

To implement this recommendation, **section 1** of the bill creates title 44 and **section 2** relocates laws related to the regulation of lottery from title 24 to the new title. **Section 3** repeals the relocated laws from their current location. **Sections 4 through 16** make conforming amendments necessitated by the relocation of the laws.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **add** title 44 as
3 follows:

4 **TITLE 44**

5 **ACTIVITIES REGULATED BY THE**
6 **DEPARTMENT OF REVENUE**

7 **ARTICLE 1**

8 **Common Provisions**

9 **44-1-101. Short title.** THE SHORT TITLE OF THIS TITLE 44 IS THE
10 "DEPARTMENT OF REVENUE ACTIVITIES REGULATION ACT".

11 **44-1-102. Legislative declaration.** (1) THE GENERAL ASSEMBLY
12 HEREBY FINDS AND DECLARES THAT:

13 (a) BEFORE THE ENACTMENT OF THIS TITLE 44, LAWS
14 ADMINISTERED BY THE DEPARTMENT OF REVENUE THAT REGULATE A
15 VARIETY OF ACTIVITIES WERE CODIFIED IN TWO TITLES OF THE COLORADO
16 REVISED STATUTES, MOST PROMINENTLY IN TITLE 12, WHICH GOVERNS
17 PROFESSIONS AND OCCUPATIONS;

18 (b) MOST PROFESSIONS AND OCCUPATIONS ARE REGULATED BY
19 THE DEPARTMENT OF REGULATORY AGENCIES PURSUANT TO TITLE 12, BUT
20 PRIOR TO THE 2017 LEGISLATIVE SESSION, TITLE 12 CONTAINED NUMEROUS

1 LAWS THAT DID NOT PERTAIN TO THE REGULATION OF PROFESSIONS AND
2 OCCUPATIONS AND WERE NOT ADMINISTERED BY THE DEPARTMENT OF
3 REGULATORY AGENCIES;

4 (c) WITH THE ENACTMENT OF SECTION 2-3-510 IN 2016, THE
5 GENERAL ASSEMBLY DIRECTED THE OFFICE OF LEGISLATIVE LEGAL
6 SERVICES TO STUDY AN ORGANIZATIONAL RECODIFICATION OF TITLE 12 OF
7 THE COLORADO REVISED STATUTES, INCLUDING RELOCATING LAWS THAT
8 DO NOT PERTAIN TO PROFESSIONS AND OCCUPATIONS AND ARE NOT
9 ADMINISTERED BY THE DEPARTMENT OF REGULATORY AGENCIES;

10 (d) BASED ON RECOMMENDATIONS FROM THE TITLE 12
11 RECODIFICATION STUDY, THE GENERAL ASSEMBLY ENACTED SEVERAL
12 BILLS IN THE 2017 LEGISLATIVE SESSION TO RELOCATE OUT OF TITLE 12
13 MANY LAWS THAT ARE ADMINISTERED BY ENTITIES OTHER THAN THE
14 DEPARTMENT OF REGULATORY AGENCIES;

15 (e) THE STUDY ALSO RECOMMENDED CREATING A NEW TITLE 44
16 FOR PURPOSES OF CONSOLIDATING LAWS ADMINISTERED BY THE
17 DEPARTMENT OF REVENUE THAT REGULATE ACTIVITIES INTO A SINGLE
18 TITLE IN ORDER TO FACILITATE BOTH:

19 (I) THE PUBLIC'S AND REGULATED ENTITIES' UNDERSTANDING OF
20 THE LAWS THAT APPLY TO THEM; AND

21 (II) THE DEPARTMENT OF REVENUE'S ADMINISTRATION OF THESE
22 LAWS; AND

23 (f) CREATING A NEW TITLE 44 CONSISTING OF LAWS ADMINISTERED
24 BY THE DEPARTMENT OF REVENUE THAT REGULATE VARIOUS ACTIVITIES
25 IS NECESSARY TO IMPLEMENT THE RECOMMENDATIONS OF THE TITLE 12
26 RECODIFICATION STUDY AND FACILITATE THE REORGANIZATION OF TITLE
27 12 PERTAINING TO THE REGULATION OF PROFESSIONS AND OCCUPATIONS.

1 **44-1-103. Definitions.** AS USED IN THIS TITLE 44, UNLESS THE
2 CONTEXT OTHERWISE REQUIRES:

3 (1) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE
4 CREATED IN SECTION 24-1-117.

5 (2) "EXECUTIVE DIRECTOR" MEANS THE EXECUTIVE DIRECTOR OF
6 THE DEPARTMENT.

7 **SECTION 2.** In Colorado Revised Statutes, **add with amended**
8 **and relocated provisions** article 40 to title 44 as follows:

9 **ARTICLE 40**

10 **State Lottery Division**

11 **44-40-101. [Formerly 24-35-201] Definitions.** As used in this part
12 ~~2~~ ARTICLE 40, unless the context otherwise requires:

13 (1) "Cash prize" means any prize paid in cash in its entirety,
14 including any expenditures made to fund Colorado or multistate prize
15 reserves.

16 ~~(1.5)~~ (2) "Commission" means the Colorado lottery commission.

17 ~~(1.7)~~ "Department" means the department of revenue.

18 ~~(2)~~ (3) "Director" means the director of the state lottery division.

19 ~~(3)~~ (4) "Division" means the state lottery division.

20 ~~(4)~~ "Executive director" means the executive director of the
21 department of revenue.

22 (5) "Lottery" means any and all lotteries created and operated
23 pursuant to this ~~part 2~~ ARTICLE 40, including, without limitation, the game
24 commonly known as lotto, in which prizes are awarded on the basis of
25 designated numbers conforming to numbers selected at random,
26 electronically or otherwise, by or at the direction of the commission, and
27 any multistate lottery or game that is authorized by a multistate agreement

1 to which the division is party. All references in this article to "the lottery"
2 shall be construed to include any or all lotteries within the meaning of this
3 subsection (5). "Lottery" shall not include a promotional drawing as
4 defined in subsection (8) of this section.

5 (6) "Multistate agreement" means an agreement entered into by
6 the division and at least one other state's lottery authority that authorizes
7 the division to allow Colorado residents to participate in one or more
8 multistate lotteries pursuant to rules promulgated by the commission.

9 (7) "Non-cash prize" means any prize paid in merchandise or a
10 combination of cash and merchandise.

11 (8) "Promotional drawing" means a prize promotion involving the
12 conduct of giveaways through the use of free chances, including the use
13 of nonwinning tickets from existing or prior games, for purposes of
14 commercial advertisement of the lottery, the creation of goodwill, the
15 promotion of new lottery products, or the collection of names.

16 **44-40-102. [Formerly 24-35-202] State lottery division -**
17 **creation - location - enterprise status.** (1) (a) There is hereby created,
18 within the department, ~~of revenue~~, the state lottery division, the head of
19 which ~~shall be~~ is the director of the state lottery division, who shall be
20 appointed and subject to removal by the executive director ~~of the~~
21 ~~department of revenue~~ in accordance with section 13 of article XII of the
22 state constitution. The state lottery division shall be headquartered in the
23 city of Pueblo in facilities provided at the expense of the lottery division.

24 (b) The state lottery division and the Colorado lottery commission,
25 created in ~~section 24-35-207~~ SECTION 44-40-108, shall constitute an
26 enterprise for the purposes of section 20 of article X of the state
27 constitution, so long as the commission retains the authority to issue

1 revenue bonds and the division receives less than ten percent of its total
2 annual revenues in grants, as defined in section 24-77-102 (7), from all
3 Colorado state and local governments combined. So long as it constitutes
4 an enterprise pursuant to this section, the state lottery division and the
5 Colorado lottery commission shall not be subject to any of the provisions
6 of section 20 of article X of the state constitution.

7 (2) The state lottery division, including the Colorado lottery
8 commission created in ~~section 24-35-207~~ SECTION 44-40-108, and the
9 director of the state lottery division shall exercise their powers and
10 perform their duties and functions specified in this ~~part 2~~ ARTICLE 40
11 under the department of revenue as if the same were transferred to the
12 department by a **type 2** transfer, as ~~such~~ THE transfer is defined in the
13 "Administrative Organization Act of 1968", article 1 of ~~this title~~ TITLE 24;
14 except that the commission shall have full and exclusive authority to
15 promulgate rules related to the lottery without any approval by, or
16 delegation of authority from, the department.

17 (3) For purposes of part 2 of article 72 of ~~this title~~ TITLE 24, the
18 records of the division and the commission shall be public records, as
19 defined in section 24-72-202 (6), regardless of whether the state lottery
20 division and the Colorado lottery commission constitute an enterprise
21 pursuant to ~~section 24-35-202 (1)~~ SUBSECTION (1) OF THIS SECTION.

22 **44-40-103. [Formerly 24-35-203] Function of division.** The
23 function of the division is to establish, operate, and supervise the lottery
24 authorized by section 2 of article XVIII of the state constitution, as
25 approved by the electors.

26 **44-40-104. [Formerly 24-35-204] Director - qualifications -**
27 **powers and duties.** (1) The director shall be qualified by training and

1 experience to direct a lottery and the work of the division; and,
2 notwithstanding the provisions of section 24-5-101, shall be of good
3 character and shall not have been convicted of any felony or
4 gambling-related offense.

5 (2) The director shall devote his OR HER entire time and attention
6 to the duties of his OR HER office and shall not be engaged in any other
7 profession or occupation.

8 ~~(2.5)~~ (3) The director may promote the lottery by:

9 (a) Establishing promotional drawings. The general assembly
10 hereby finds and declares that promotional drawings shall not be subject
11 to regulation under this ~~part 2~~ ARTICLE 40. No award of prizes through a
12 promotional drawing shall be deemed a lottery or game of chance.

13 (b) Selling memorabilia or other promotional items. Any revenue
14 generated from the sale of ~~such~~ THE items shall be transmitted to the state
15 treasurer to be credited to the lottery fund created in ~~section 24-35-210 (1)~~
16 SECTION 44-40-111 (1).

17 ~~(3)~~ (4) The director, as administrative head of the division, shall
18 direct and supervise all its administrative and technical activities. In
19 addition to the duties imposed upon the director elsewhere in this ~~part 2~~
20 ARTICLE 40, it shall be the director's duty:

21 (a) To supervise and administer the operation of the lottery in
22 accordance with the provisions of this ~~part 2~~ ARTICLE 40 and the rules of
23 the commission, state fiscal rules, state personnel rules, and state
24 procurement rules, to perform all duties and obligations pursuant to and
25 administer any multistate agreements, and to provide for all expenses
26 incurred in connection with any ~~such~~ multistate agreements unless ~~such~~
27 THE expenses are otherwise provided for in ~~such~~ THE multistate

1 agreements;

2 (b) To attend meetings of the commission or to appoint a designee
3 to attend in his OR HER place;

4 (c) To employ and direct ~~such~~ THE personnel as may be necessary
5 to carry out the purposes of this ~~part 2~~ ARTICLE 40, but no person shall be
6 employed who has been convicted of a felony or gambling-related
7 offense, notwithstanding the provisions of section 24-5-101. The director
8 by agreement may secure and, pursuant to ~~section 24-35-210 (2)~~ SECTION
9 44-40-111 (2), provide payment for ~~such~~ ANY services ~~as~~ THAT the
10 director may deem necessary from any department, agency, or unit of the
11 state government and may employ and compensate ~~such~~ consultants and
12 technical assistants as may be required and as otherwise permitted by law.
13 The director shall ensure that the division conducts full criminal
14 background investigations of vendors, officers of licensed sales agents,
15 members of the commission, and division employees as are necessary to
16 ensure the security and integrity of the operation of the state lottery. The
17 executive director may request the division of gaming to perform ~~such~~
18 THE investigations on members of the commission, division employees,
19 and vendors.

20 (d) To license, in accordance with the provisions of ~~section~~
21 ~~24-35-206~~ SECTION 44-40-107 and the rules ~~and regulations~~ of the
22 commission, as agents to sell lottery tickets ~~such~~ persons ~~as~~ THAT in his
23 OR HER opinion will best serve the public convenience and promote the
24 sale of tickets or shares;

25 (e) To deny, suspend, or revoke any lottery license subject to the
26 provisions of section 24-4-104. The director may designate an
27 administrative law judge, pursuant to part 10 of article 30 of ~~this title~~

1 TITLE 24, to take evidence and to make findings and report them to the
2 director.

3 (f) To confer, as necessary or desirable and not less than once
4 each month, with the commission on the operation of the lottery;

5 (g) To make available for inspection by the commission or any
6 member of the commission, upon request, all books, records, files, and
7 other information and documents of his OR HER office;

8 (h) To advise the commission and recommend ~~such~~ rules ~~and~~
9 ~~regulations~~ and ~~such~~ other matters as he OR SHE deems necessary and
10 advisable to improve the operation of the lottery;

11 ~~(i) (Deleted by amendment, L. 2009, (HB 09-1002), ch. 31, p.~~
12 ~~130, § 2, effective March 20, 2009.)~~

13 ~~(j)~~ (i) To make a continuous study and investigation of the
14 operation and the administration of similar laws ~~which~~ THAT may be in
15 effect in other states or countries, any literature on the subject ~~which~~
16 THAT from time to time may be published or available, and any federal
17 laws ~~which~~ THAT may affect the operation of the lottery, and the reaction
18 of Colorado citizens to existing and potential features of the lottery with
19 a view to recommending or effecting changes that will tend to serve the
20 purposes of this ~~part 2~~ ARTICLE 40;

21 ~~(k) Repealed.~~

22 ~~(l) (Deleted by amendment, L. 2009, (HB 09-1002), ch. 31, p.~~
23 ~~130, § 2, effective March 20, 2009.)~~

24 ~~(m)~~ (j) To take ~~such~~ ANY action ~~as~~ THAT may be necessary to
25 protect the security and integrity of the lottery games;

26 ~~(n)~~ (k) To determine the manner of payment of prizes to the
27 holders of winning tickets or shares, which determination shall include

1 consideration of whether a prize should be awarded as a lump sum or as
2 an amortized annuity in light of the "Internal Revenue Code of 1986", as
3 amended, and the rules ~~and regulations~~ promulgated pursuant thereto;

4 ~~(o)~~ (l) To determine ~~such~~ ANY other matters ~~as~~ THAT ARE
5 necessary or desirable for the efficient and economical operation and
6 administration of the lottery; and

7 ~~(p)~~ (m) To perform any other lawful acts ~~which~~ THAT he OR SHE
8 and the commission may consider necessary or desirable to carry out the
9 purposes and provisions of this ~~part 2~~ ARTICLE 40.

10 **44-40-105. [Formerly 24-35-204.5] Executive director - duties.**

11 (1) It shall be the executive director's duty:

12 (a) To enter into contracts for materials, equipment, and supplies
13 to be used in the operation of the lottery, for the design and installation
14 of games or lotteries, and for promotion of the lottery. No contract shall
15 be legal or enforceable that provides for the management of the lottery or
16 for the entire operation of its games by any private person, firm, or
17 corporation, because management of the lottery and control over the
18 operation of its games shall remain with the state; except that
19 management of and control over the operation of a multistate lottery shall
20 be determined by the terms of a multistate agreement. Except for
21 advertising and promotional contracts, when a contract other than a
22 multistate agreement is awarded, a performance bond satisfactory to the
23 executive director, executed by a surety company authorized to do
24 business in this state or otherwise secured in a manner satisfactory to the
25 state, in an amount set annually by the executive director shall be
26 delivered to the state and shall become binding on the parties upon
27 execution of the contract.

1 (b) To annually prepare and submit to the commission a proposed
2 budget for the ensuing fiscal year, ~~which~~ THAT budget shall present a
3 complete financial plan setting forth all proposed expenditures and
4 anticipated revenues of the division. The fiscal year of the division shall
5 commence on July 1 and end on June 30 of each year.

6 **44-40-106. [Formerly 24-35-205] Contractors supplying**
7 **services, equipment, or materials - gaming equipment - disclosures -**
8 **definitions.** (1) Any person, firm, association, or corporation, referred to
9 in this section as "supplier", that enters into a contract to supply services,
10 equipment, or materials or gaming materials or equipment for use in the
11 operation of the state lottery shall first disclose to the division:

12 (a) In addition to the supplier's business name and address, the
13 names and addresses of the following:

14 (I) If the supplier is a partnership, all of the general and limited
15 partners;

16 ~~(1.5)~~ (II) If the supplier is a limited liability company, all of the
17 members;

18 ~~(H)~~ (III) If the supplier is a trust, the trustee and all persons
19 entitled to receive income or benefit from the trust;

20 ~~(HH)~~ (IV) If the supplier is an association, the members, officers,
21 and directors;

22 ~~(HV)~~ (V) If the supplier is a corporation, the officers, directors, and
23 each owner or holder, directly or indirectly, of any equity security or other
24 evidence of ownership of any interest in ~~such~~ THE corporation; except
25 that, in the case of owners or holders of publicly held equity securities of
26 a publicly traded corporation, only the names and addresses of those
27 owning or holding five percent or more of ~~such~~ THE publicly held

1 securities need be disclosed;

2 ~~(V)~~ (VI) If the supplier is a subsidiary or intermediary company,
3 the intermediary company, holding company, or parent company involved
4 therewith, and the officers, directors, and stockholders of each; except
5 that, in the case of owners or holders of publicly held securities of an
6 intermediary company or holding company that is a publicly traded
7 corporation, only the names and addresses of those owning or holding
8 five percent or more of ~~such~~ THE publicly held securities need be
9 disclosed;

10 (b) If the supplier is a corporation, all the states in which the
11 supplier is incorporated to do business, and the nature of that business;

12 (c) Other jurisdictions in which the supplier has contracts to
13 supply gaming materials or equipment;

14 (d) The details of any criminal conviction, state or federal, of the
15 supplier or any person whose name and address are required by ~~paragraph~~
16 ~~(a) of this subsection~~ ~~(1)~~ SUBSECTION (1)(a) OF THIS SECTION. This
17 ~~paragraph~~ ~~(d)~~ SUBSECTION (1)(d) applies irrespective of any of the laws
18 of the state to the contrary regarding expungement or sealed records.

19 (e) The details of any disciplinary action taken by any state against
20 the supplier or any person whose name and address are required by
21 ~~paragraph (a) of this subsection~~ ~~(1)~~ SUBSECTION (1)(a) OF THIS SECTION
22 regarding any matter related to the selling, leasing, offering for sale or
23 lease, buying, or servicing of gaming materials or equipment;

24 (f) A statement of the gross receipts realized in the preceding year
25 from the sale, lease, or distribution of gaming materials or equipment to
26 states operating lotteries and to private persons licensed to conduct
27 gambling, which statement shall differentiate that portion of the gross

1 receipts attributable to transactions with states operating lotteries from
2 that portion of the gross receipts attributable to transactions with private
3 persons licensed to conduct gambling;

4 (g) The name and address of any source of gaming materials or
5 equipment for the supplier;

6 (h) The number of years the supplier has been in the business of
7 supplying gaming materials or equipment;

8 (i) ~~Such~~ ANY other information, accompanied by ~~such~~ ANY
9 documents, ~~as~~ THAT the commission, by rule, ~~or regulation,~~ may require
10 as being necessary or appropriate in the public interest to accomplish the
11 purposes of this ~~part 2~~ ARTICLE 40.

12 (2) If the supplier is a subsidiary or intermediary company, the
13 intermediary company, holding company, or parent company involved
14 therewith shall supply the same information required by this section of the
15 supplier.

16 (3) The costs of any investigation into the background of the
17 apparent successful bidder shall be assessed against the bidder and shall
18 be paid by the bidder at the time of billing by the state. ~~Such~~ THE
19 investigation may be conducted by the department or the attorney general,
20 and no contract may be signed until the investigation is completed.
21 Investigators shall have peace officer authority during the period of
22 investigation.

23 (4) No person, firm, association, or corporation contracting to
24 supply services, equipment, or materials or gaming equipment or
25 materials to the state for use in the operation of the state lottery shall be
26 directly or indirectly connected with any person, firm, association, or
27 corporation licensed as a sales agent under this ~~part 2~~ ARTICLE 40, any

1 employee of the department, ~~of revenue~~, the director, or the members of
2 the commission.

3 (5) No contract shall be formed with any supplier if:

4 (a) A person disclosed pursuant to ~~paragraph (a) or (g) of~~
5 ~~subsection (1)~~ SUBSECTION (1)(a) OR (1)(g) of this section is a person who
6 has been convicted of a felony or gambling-related offense, who has
7 engaged in any form of illegal gambling, who is not of good character and
8 reputation relevant to the secure and efficient operation of the lottery, or
9 who has been convicted of a crime involving fraud or misrepresentation.
10 However, when a felony conviction, other than a gambling-related
11 offense, is an issue in the formation of a contract with a supplier, the
12 director may determine that the supplier is otherwise of good character
13 and reputation. The director's determination shall be submitted to a
14 three-member panel who shall approve or reject ~~such~~ THE determination.
15 The panel's decision shall constitute final agency action for purposes of
16 section 24-4-106. The panel shall be composed of the chairman of the
17 lottery commission, the executive director, ~~of the department of revenue~~,
18 and the secretary of state. Upon ~~such~~ THE determination and approval, the
19 director may enter into a contract with the supplier.

20 (b) A disciplinary action disclosed pursuant to ~~paragraph (e) of~~
21 ~~subsection (1)~~ SUBSECTION (1)(e) of this section was resolved adversely
22 to the supplier.

23 (6) No contract for the supply of services, equipment, or materials
24 or gaming materials or equipment for use in the operation of the state
25 lottery shall be enforceable against the state if the provisions of this
26 section are not complied with.

27 (7) In the case of any procurement for a contract for lottery

1 tickets, lottery consulting services, or lottery terminals or equipment
2 having a value of one hundred thousand dollars or more, or in the case of
3 procurement for a contract for drawing equipment regardless of value,
4 each prospective corporate supplier shall, prior to entering into a contract,
5 provide a verified affidavit as to ownership, if any, of any interest, direct
6 or indirect, in any operator of a casino, jai alai fronton, racetrack, or other
7 gaming establishment, a current personal financial statement, and
8 individual federal and state income tax returns from the past three years
9 for each of its officers and each of the directors. The executive director
10 ~~of the department of revenue~~ shall determine, depending upon the
11 organization of each company, by rule, ~~or regulation~~, which officers of
12 any parent, intermediary, and holding companies, and which directors of
13 the supplier or of a parent, intermediary, or holding company, are
14 affiliated with the lottery and are required to file a current personal
15 financial statement and individual federal and state income tax returns
16 from the past three years. The provision of said affidavit, financial
17 statement, and tax returns shall not be required at the time of submission
18 of the prospective corporate supplier's bid or proposal.

19 (8) (a) Any contractor that has entered into a contract to supply
20 gaming materials or equipment to the lottery shall report to the division
21 any change in, addition to, or deletion from the information disclosed to
22 the division in accordance with the provisions of subsections (1)(a),
23 (1)(d), (1)(e), (2), and (7) of this section. ~~such~~ THE report shall be written
24 and addressed to the division and shall be mailed or delivered to the
25 division within thirty days of the date ~~such~~ THE change in, addition to, or
26 deletion from the information takes place or becomes effective.

27 (b) Any costs associated with an investigation regarding the

1 information disclosed in ~~such~~ THE report shall be paid by the contractor
2 who shall remit ~~such~~ THE costs within thirty days of billing by the
3 division.

4 (c) (I) If ~~such~~ THE report contains any information, or if the
5 division receives any information from any source other than the
6 contractor, which information would have prohibited the director from
7 awarding the contract to the contractor if the information had been
8 provided or had been effective before the director awarded the contract,
9 the director may terminate the contract following an investigation.

10 (II) If ~~such~~ THE report contains any information, or if any
11 information is discovered by the division from any source other than the
12 contractor, which information would have given the director discretion to
13 refuse to enter the contract had the information been provided or been
14 effective before the director awarded the contract, the director, following
15 an investigation, may terminate the contract.

16 (III) Any termination shall be accomplished in accordance with
17 the termination provisions of the contract.

18 (9) Every contract for the supply of gaming equipment or material
19 shall provide the following:

20 (a) The director shall exclude from lottery facilities an employee
21 of a contractor who has been convicted of a felony.

22 (b) The director shall also exclude employees of a contractor from
23 participating in activities involving the gaming materials or equipment
24 supplied pursuant to the contract.

25 (10) (a) Each supplier, prior to entering into a contract to supply
26 gaming materials or equipment, shall submit a set of fingerprints to the
27 division. The division shall forward ~~such~~ THE fingerprints to the Colorado

1 bureau of investigation for the purpose of conducting a state and national
2 fingerprint-based criminal history record check utilizing records of the
3 Colorado bureau of investigation and the federal bureau of investigation.
4 Only the actual costs of ~~such~~ THE record check shall be borne by the
5 supplier. Nothing in this subsection (10) shall preclude the division from
6 making further inquiries into the background of the supplier.

7 (b) Notwithstanding any other provision of this section to the
8 contrary, for purposes of this subsection (10), "supplier" means an
9 individual or any person described in ~~paragraph (a) or (g) of subsection~~
10 ~~(f)~~ SUBSECTION (1)(a) OR (1)(g) of this section.

11 (11) The requirements of the procurement code, articles 101 to
12 112 of ~~this title~~ TITLE 24, shall apply to all contracts entered into by the
13 lottery. The executive director shall ensure that any competitive
14 solicitation process conducted by the lottery is designed to encourage
15 broad vendor competition.

16 (12) The evaluation team for any bid for a contract for services,
17 equipment, or materials or for the purchase or lease of gaming equipment
18 and materials, the amount of which bid is in excess of one million dollars,
19 shall include an individual who is neither employed by nor affiliated with
20 the division and who possesses specific expertise in the procurement of
21 the services, equipment, or materials or in the purchase or lease of the
22 gaming equipment or materials that are the subject of the bid. ~~such~~ THE
23 individual shall be selected by the executive director in accordance with
24 the requirements of this subsection (12).

25 **44-40-107. [Formerly 24-35-206] Licenses.** (1) The director shall
26 issue, suspend, revoke, and renew licenses for lottery sales agents
27 pursuant to subsection (3) of this section and rules ~~and regulations~~

1 adopted by the commission. Licensing rules ~~and regulations~~ shall include
2 requirements relating to the financial responsibility of the licensee, the
3 accessibility of the licensee's place of business or activity to the public,
4 the sufficiency of existing licenses to serve the public interest, the volume
5 of expected sales, the character of the licensee, the security and efficient
6 operation of the lottery, the licensed agent recovery reserve authorized in
7 ~~section 24-35-219~~ SECTION 44-40-121, and other matters necessary to
8 protect the public interest and trust in the lottery and to further the sales
9 of lottery tickets or shares. Rules ~~and regulations~~ shall also require that
10 licenses be prominently displayed in areas visible to the public.

11 (2) (a) A license shall be revoked upon a finding that the licensee:
12 (I) Has provided false or misleading information to the division;
13 (II) Has been convicted of any gambling-related offense;
14 (III) Has endangered the security of the lottery;
15 (IV) Has become a person whose character is no longer consistent
16 with the protection of the public interest and trust in the lottery; or
17 (V) Has intentionally refused to pay a prize in his OR HER
18 possession to a person entitled to receive the prize under this ~~article~~
19 ARTICLE 40.

20 (b) A license may be suspended, revoked, or not renewed for any
21 of the following causes:
22 (I) A change of business location;
23 (II) An insufficient sales volume;
24 (III) A delinquency in remitting money owed to the lottery;
25 (IV) The endangering of the efficient operation of the lottery;
26 (V) Any violation of this ~~part 2~~ ARTICLE 40 or any rule ~~or~~
27 ~~regulation~~ adopted pursuant to this ~~part 2~~ ARTICLE 40; or

1 (VI) Conviction of any felony.

2 (3) Procedures for issuance, suspension, revocation, and renewal
3 of licenses shall be in accordance with article 4 of ~~this title~~ TITLE 24, and
4 the director shall have all the powers and shall be subject to all the
5 requirements of article 4 of ~~this title~~ TITLE 24 in conducting any hearings
6 relating to the granting, suspension, revocation, or renewal of licenses.
7 When a felony conviction or a conviction involving fraud is an issue in
8 the issuance, suspension, revocation, or renewal of a lottery sales agent's
9 license, the director's determination shall be submitted to a three-member
10 panel who shall approve or reject ~~such~~ THE determination. The panel's
11 decision shall constitute final agency action for the purposes of section
12 24-4-106. The panel shall be composed of the chairman of the lottery
13 commission, the executive director, ~~of the department of revenue,~~ and the
14 secretary of state.

15 (4) Licensed sales agents may include persons, firms, associations,
16 or corporations, profit or nonprofit, but the following are ineligible for
17 any license as a sales agent:

18 (a) Any person who will engage in business exclusively as a
19 lottery sales agent;

20 (b) Any person who has been convicted of a gambling-related
21 offense, notwithstanding the provisions of section 24-5-101;

22 (c) Any person who is or has been a professional gambler or
23 gambling promoter;

24 (d) Any person who has engaged in bookmaking or any other form
25 of illegal gambling;

26 (e) Any person who is not of good character and reputation,
27 notwithstanding the provisions of section 24-5-101, in the community in

1 which WHERE he OR SHE resides;

2 (f) Any person who has been convicted of a crime involving
3 misrepresentation, notwithstanding the provisions of section 24-5-101;

4 (g) Any firm or corporation in which a person defined in
5 ~~paragraph (b), (c), (d), (e), or (f) of this subsection (4)~~ SUBSECTIONS (4)(b)
6 THROUGH (4)(f) OF THIS SECTION has a proprietary, equitable, or credit
7 interest;

8 (h) Any organization in which a person defined in ~~paragraph (b),~~
9 ~~(c), (d), (e), or (f) of this subsection (4)~~ SUBSECTIONS (4)(b) THROUGH
10 (4)(f) OF THIS SECTION is an officer, director, or managing agent, whether
11 compensated or not; or

12 (i) Any organization in which a person defined in ~~paragraph (b),~~
13 ~~(c), (d), (e), or (f) of this subsection (4)~~ SUBSECTIONS (4)(b) THROUGH
14 (4)(f) OF THIS SECTION is to participate in the management or sales of
15 lottery tickets or shares.

16 ~~(4.5)~~ (5) Licensed sales agents may include persons, firms,
17 associations, or corporations, profit or nonprofit, but the following may
18 be determined to be ineligible for any license as a sales agent:

19 (a) Any person who has been convicted of a felony or a crime
20 involving fraud, notwithstanding the provisions of section 24-5-101;

21 (b) Any firm or corporation in which a person defined in
22 ~~paragraph (a) of this subsection (4.5)~~ SUBSECTION (5)(a) OF THIS SECTION
23 has a proprietary, equitable, or credit interest;

24 (c) Any organization in which a person defined in ~~paragraph (a)~~
25 ~~of this subsection (4.5)~~ SUBSECTION (5)(a) OF THIS SECTION is an officer,
26 director, or managing agent, whether compensated or not; or

27 (d) Any organization in which a person defined in ~~paragraph (a)~~

1 ~~of this subsection (4.5)~~ SUBSECTION (5)(a) OF THIS SECTION is to
2 participate in the management or sales of lottery tickets or shares.

3 ~~(5)~~ (6) Each licensed sales agent shall keep a complete set of
4 books of account, correspondence, and all other records necessary to
5 show fully the lottery transactions of the licensee, all of which shall be
6 open at all times during business hours for the inspection and examination
7 of the division or its duly authorized representatives. The division may
8 require any licensed sales agent to furnish ~~such~~ THE information ~~as~~ THAT
9 the division considers necessary for the proper administration of this ~~part~~
10 ~~2~~ ARTICLE 40 and may require an audit to be made of ~~such~~ THE books of
11 account and records ~~on such occasions as~~ WHEN the division considers
12 necessary by an auditor, selected by the director, who shall likewise have
13 access to all ~~such~~ THE books and records of the licensee, and the licensee
14 may be required to pay the expense thereof.

15 ~~(6)~~ (7) All licenses for lottery sales agents shall specify the place
16 ~~such~~ THAT sales shall take place, and no license shall be effective upon
17 residential premises.

18 ~~(7)~~ (8) The costs of any investigation into the background of an
19 applicant seeking a license for a lottery sales agent shall be assessed
20 against the applicant and shall be paid by the applicant at the time of
21 billing by the state. ~~Such~~ THE investigation may be conducted by the
22 division or the attorney general. Investigators shall have peace officer
23 authority during the period of investigation.

24 ~~(8)~~ (9) If there are more applications to operate lotto than there are
25 outlets available, then at least one hundred locations will be decided by
26 a drawing by lot with the balance of all lotto outlets to be located at the
27 direction of the division. Any person licensed as a lottery sales agent

1 pursuant to the provision of this section shall be eligible to enter into this
2 drawing by lot to determine if ~~such~~ THE person will be allowed to operate
3 a lotto game at the same location.

4 ~~(9)~~ (10) If the rental payments for the business premises of any
5 lottery sales agent are based in whole or in part on a percentage of retail
6 sales, and the computation of retail sales in the rental agreement does not
7 specifically include the sale of tickets or shares in the lottery, the
8 compensation received by the sales agent, ~~which compensation is~~ AS
9 determined by the commission pursuant to ~~section 24-35-208 (2)(h)~~
10 SECTION 44-40-109 (2)(h), and not the gross revenues from the sale of
11 lottery tickets or shares shall be the amount of the retail sale for the
12 purpose of computing the rental payment.

13 ~~(10)~~ (11) (a) Each applicant for a lottery sales agent license, with
14 the submission of ~~such~~ THE application, shall submit a set of fingerprints
15 to the division. The division shall forward ~~such~~ THE fingerprints to the
16 Colorado bureau of investigation for the purpose of conducting a state
17 and national fingerprint-based criminal history record check utilizing
18 records of the Colorado bureau of investigation and the federal bureau of
19 investigation. Only the actual costs of ~~such~~ THE record check shall be
20 borne by the applicant. Nothing in this ~~subsection (10)~~ SUBSECTION (11)
21 shall preclude the division from making further inquiries into the
22 background of the applicant.

23 (b) For purposes of this ~~subsection (10)~~ SUBSECTION (11),
24 "applicant" means an individual or each officer or director of a firm,
25 association, or corporation that is applying for a license pursuant to this
26 section.

27 **44-40-108. [Formerly 24-35-207] Colorado lottery commission**

1 **- creation.** (1) There is hereby created, within the state lottery division,
2 the Colorado lottery commission, consisting of five members, all of
3 whom shall be citizens of the United States and residents of this state,
4 appointed by the governor, with the consent of the senate. No member
5 shall have been convicted of a felony or gambling-related offense,
6 notwithstanding the provisions of section 24-5-101. No more than three
7 of the five members shall be members of the same political party. A
8 chairman and a vice-chairman of the commission shall be chosen from the
9 membership by a majority of the members at the first meeting of each
10 fiscal year.

11 (2) At least one member of the commission shall have been a law
12 enforcement officer for not less than five years; at least one member shall
13 be an attorney admitted to the practice of law in Colorado for not less
14 than five years; and at least one member shall be a certified public
15 accountant who has practiced accountancy in Colorado for at least five
16 years.

17 (3) Initial members shall be appointed to the commission by the
18 governor as follows: One member to serve until July 1, 1983, one member
19 to serve until July 1, 1984, one member to serve until July 1, 1985, and
20 two members to serve until July 1, 1986. All subsequent appointments
21 shall be for terms of four years, subject to continuation of the division
22 pursuant to ~~section 24-35-218~~ SECTION 44-40-120. No member of the
23 commission shall be eligible to serve more than two terms.

24 (4) Any vacancy on the commission shall be filled for the
25 unexpired term in the same manner as the original appointment.

26 (5) Any member of the commission may be removed by the
27 governor at any time and for any reason.

1 (6) Commission members shall receive as compensation for their
2 services up to one hundred dollars per month for each month in which
3 there is an official commission meeting and shall be reimbursed for
4 necessary traveling and other reasonable expenses incurred in the
5 performance of their official duties. Upon appointment, and prior to
6 confirmation by the senate, each member shall file with the secretary of
7 state a financial disclosure statement in the form required to be filed by
8 elected state officials. ~~Such~~ THE statement shall be renewed as of each
9 January 1 during the member's term of office. The chairperson of the
10 lottery commission shall also be reimbursed for necessary traveling and
11 other reasonable expenses incurred in the performance of his or her duties
12 related to his or her participation on the three-member panel established
13 in ~~sections 24-35-205 (5)(a) and 24-35-206 (3)~~ SECTIONS 44-40-106 (5)(a)
14 AND 44-40-107 (3).

15 (7) (a) The commission shall hold at least one meeting each month
16 and ~~such~~ ANY additional meetings as THAT may be prescribed by rules of
17 the commission. In addition, special meetings may be called by the
18 chairman, any two commission members, or the director, upon delivery
19 of seventy-two hours' written notice to each member. Notwithstanding the
20 provisions of section 24-6-402, in emergency situations in which a
21 majority of the commission certifies that exigencies of time require that
22 the commission meet without delay, the requirements of public notice and
23 of seventy-two hours' written notice to members may be dispensed with,
24 and commission members as well as the public shall receive ~~such~~ THE
25 notice as is reasonable under the circumstances.

26 (b) For purposes of part 4 of article 6 of ~~this title~~ TITLE 24, the
27 commission shall be a state public body, as defined in section 24-6-402

1 (1)(d), regardless of whether the state lottery division and the Colorado
2 lottery commission constitute an enterprise pursuant to ~~section 24-35-202~~
3 ~~(†)~~ SECTION 44-40-102 (1).

4 (8) A majority of the commission shall constitute a quorum, and
5 the concurrence of a majority of the commission shall be required for any
6 final determination by the commission. The commission shall keep a
7 complete and accurate audio record of all its meetings for a period of at
8 least three years.

9 **44-40-109. [Formerly 24-35-208] Commission - powers and**
10 **duties - rules.** (1) In addition to any other powers and duties set forth in
11 this ~~part 2~~ ARTICLE 40, the commission shall have the following powers
12 and duties:

13 (a) To promulgate rules governing the establishment and
14 operation of the lottery as it deems necessary to carry out the purposes of
15 this ~~part 2~~ ARTICLE 40. The director shall prepare and submit to the
16 commission written recommendations concerning proposed rules for this
17 purpose.

18 (b) To conduct hearings upon complaints charging violations of
19 this ~~part 2~~ ARTICLE 40 or rules ~~and regulations~~ promulgated pursuant to
20 this ~~part 2~~ ARTICLE 40, other than any hearings relating to the granting,
21 suspension, revocation, or renewal of licenses for lottery sales agents, and
22 to conduct ~~such~~ other hearings as may be provided by rules of the
23 commission;

24 (c) To carry on a continuous study and investigation of the lottery
25 throughout the state for the purpose of ascertaining any defects in this ~~part~~
26 ~~2~~ ARTICLE 40 or in the rules ~~and regulations~~ issued under this ~~part 2~~
27 ARTICLE 40 whereby any abuses in the administration and operation of the

1 lottery or any evasion of this ~~part 2~~ ARTICLE 40 or the rules and
2 ~~regulations~~ may arise or be practiced, for the purpose of formulating
3 recommendations for changes in this ~~part 2~~ ARTICLE 40 and the rules and
4 ~~regulations~~ to prevent ~~such~~ ANY abuses and evasions, to guard against the
5 use of this ~~part 2~~ ARTICLE 40 and the rules and ~~regulations~~ as a cloak for
6 the carrying on of organized gambling and crime, and to insure that the
7 law and rules and ~~regulations~~ shall be in ~~such~~ THE form and be so
8 administered as to serve the true purposes of this ~~part 2~~ ARTICLE 40;

9 (d) To report immediately to the governor, the attorney general,
10 the speaker of the house of representatives, the president of the senate, the
11 minority leaders of both houses, and ~~such~~ ANY other state officers, as
12 from time to time the commission deems appropriate, any matters ~~which~~
13 THAT it deems to require an immediate change in the laws of this state in
14 order to prevent abuses and evasions of this ~~part 2~~ ARTICLE 40 or rules
15 and ~~regulations~~ promulgated thereunder or to rectify undesirable
16 conditions in connection with the administration or operation of the
17 lottery;

18 (e) To require ~~such~~ ANY special reports from the director as THAT
19 it may consider desirable;

20 ~~(f) Repealed.~~

21 ~~(g)~~ (f) To authorize and issue revenue bonds pursuant to the
22 provisions of ~~section 24-35-221~~ SECTION 44-40-122;

23 ~~(h)~~ (g) To annually set the amount of the performance bond
24 required of persons entering into contracts to provide materials,
25 equipment, or supplies used in the operation of the lottery or to design or
26 install games or lotteries; and

27 ~~(i)~~ (h) To investigate and participate in multistate agreements and

1 to regulate multistate lotteries. The director shall act as the commission's
2 agent in ~~such~~ THE investigations if the commission so directs.

3 (2) Except as provided in subsection (3) of this section, rules
4 promulgated pursuant to subsection (1) of this section shall include, but
5 shall not be limited to, the following:

6 (a) The types of lotteries to be conducted, but no lottery conducted
7 under this ~~part 2~~ ARTICLE 40 other than instant scratch games shall be
8 based upon the game of chance commonly known as bingo, nor shall any
9 lottery be conducted that depends upon the outcome of any athletic
10 contest except races at state-licensed dog or horse tracks if approved by
11 the Colorado racing commission;

12 (b) The price of tickets or shares in the lottery;

13 (c) The numbers, sizes, and payment of the prizes on the winning
14 tickets or shares;

15 (d) The manner of selecting the winning tickets or shares. All
16 drawings shall be held in public and witnessed by an independent auditor
17 employed by a certified public accountant firm, and all drawing
18 equipment used in ~~such~~ THE public drawings must be examined prior to
19 and after each public drawing by an independent auditor employed by a
20 certified public accountant firm.

21 (e) The frequency of the drawing or selection of winning tickets
22 or shares, without limitation;

23 (f) Without limit to number, the types of locations ~~at which~~
24 WHERE tickets or shares may be sold; except that the commission shall not
25 promulgate any rule, issue any order, or adopt any policy or interpretation
26 before July 1, 2017, that authorizes or permits the purchase of tickets,
27 including instant scratch tickets, or shares by means of the internet,

1 telephone, computer, or any other electronic device or equipment that the
2 purchaser can access or use to purchase lottery tickets other than by doing
3 so personally at a licensed lottery sales agent's physical place of business;

4 (g) The method to be used in selling tickets or shares, but all sales
5 shall be on a cash-only basis;

6 (h) The manner and amount of compensation, if any, to be paid
7 licensed sales agents necessary to provide for the adequate availability of
8 tickets or shares to prospective buyers and for the convenience of the
9 public;

10 (i) The manner in which lottery sales revenues are to be collected;

11 ~~(j) and (k) (Deleted by amendment, L. 2009, (HB 09-1002), ch.~~
12 ~~31, p. 133, § 6, effective March 20, 2009.)~~

13 (3) (a) The commission shall promulgate rules pursuant to
14 subsection (1) of this section for the general administration of all instant
15 scratch games. The rules shall include, but shall not be limited to:

16 (I) The method to be used in selling instant scratch game tickets,
17 but all sales shall be on a cash-only basis;

18 (II) The method of paying prizes on winning instant scratch game
19 tickets; and

20 (III) The manner and amount of compensation, if any, to be paid
21 to licensed sales agents necessary to provide for the adequate availability
22 of instant scratch game tickets to prospective buyers and for the
23 convenience of the public.

24 (b) (I) The commission shall establish and approve all instructions
25 governing instant scratch games. The instructions shall include, but shall
26 not be limited to:

27 (A) The method for determining instant scratch game winners;

- 1 (B) The establishment of claim periods;
2 (C) The price of instant scratch game tickets;
3 (D) The numbers and sizes of prizes; and
4 (E) The method for selecting and validating winning instant
5 scratch game tickets.

6 (II) The commission shall publish all approved instructions
7 governing instant scratch games in a clearly identifiable section on the
8 official website of the state lottery. The published instructions shall be
9 binding on purchasers and claimants of instant scratch game tickets.

10 (III) The procedural rule-making requirements of section 24-4-103
11 shall not apply to the commission's duties specified in this ~~paragraph (b)~~
12 SUBSECTION (3)(b).

13 **44-40-110. [Formerly 24-35-209] Conflict of interest.**

14 (1) Members of the commission and employees of the division are
15 declared to be positions of public trust and, therefore, in order to insure
16 the confidence of the people of the state in the integrity of the division,
17 its employees, and the commission, the following restrictions shall apply:

18 (a) No member of the commission or employee of the division,
19 including the director, and no member of their immediate families, shall
20 have any personal pecuniary interest in any lottery or in the sale of any
21 lottery tickets or shares or in any corporation, association, or firm
22 contracting with the state to supply gaming equipment or materials for use
23 in the operation of the lottery or in any corporation, association, or firm
24 licensed as a sales agent under this ~~part 2~~ ARTICLE 40. Employment by
25 any political subdivision, or service on the governing body or on any
26 board, agency, or commission of any political subdivision ~~which~~ THAT is
27 entitled to receive a portion of the proceeds of the lottery shall not

1 constitute an interest prohibited by this section, except for the purposes
2 of appointment to or service on the commission.

3 (b) No member of the commission or employee of the division,
4 including the director, and no member of their immediate families, shall
5 receive any gift, gratuity, employment, or other thing of value from any
6 person, corporation, association, or firm that contracts with or that offers
7 services, supplies, materials, or equipment used by the division in the
8 normal course of its operations.

9 (c) No member of the commission or employee of the division,
10 including the director, and no member of their immediate families, shall
11 purchase any ticket for any lottery conducted under this ~~part 2~~ ARTICLE
12 40; except that lottery investigators may purchase lottery tickets when
13 authorized to do so by the director for investigative purposes. No person
14 described in this ~~paragraph (c)~~ SUBSECTION (1)(c) shall be eligible to
15 receive any prize awarded in such a lottery.

16 (d) No person, corporation, or firm that contracts with the division
17 or that offers services, supplies, materials, or equipment used by the
18 division in the normal course of its operations shall offer any gift,
19 gratuity, employment, or other thing of value to any commission member,
20 employee of the division, or members of their immediate families except
21 as authorized by rules and regulations promulgated pursuant to ~~paragraph~~
22 ~~(b) of this subsection (1)~~ SUBSECTION (1)(b) OF THIS SECTION.

23 ~~(e) (Deleted by amendment, L. 2004, p. 1140, § 5, effective July~~
24 ~~1, 2004.)~~

25 ~~(f)~~ (e) No member of the commission or employee of the division
26 who terminates his or her relationship with the commission or the division
27 shall, for a period of one year from the date of termination of membership

1 on the commission or employment with the division, as applicable, accept
2 employment with any lottery vendor or represent any lottery vendor
3 before the division or the commission.

4 ~~(g)~~ (f) The commission shall adopt by rule a code of ethics that
5 shall be binding upon all of its members. Each member of the commission
6 shall complete training at least once each year on the code and shall
7 further certify on an annual basis that he or she is knowledgeable about
8 the code and has no conflicts of interest proscribed by this section.

9 **44-40-111. [Formerly 24-35-210] Lottery fund - creation.**

10 (1) There is hereby created, in the office of the state treasurer, the lottery
11 fund. The initial appropriation to the division, and all subsequent
12 revenues of the division not earlier paid as prizes, shall be paid into the
13 lottery fund. All expenses of the division, including the expenses of
14 organized crime investigation and prosecution relating to the lottery, shall
15 be paid from the lottery fund. For the purposes of this section and ~~section~~
16 ~~24-35-208~~ SECTION 44-40-109, "expenses" do not include amounts
17 expended for lottery prizes. Prizes for the lottery shall be paid only from
18 the lottery fund or from ~~moneys~~ MONEY collected from the sale of lottery
19 tickets or shares. Amounts for prizes and expenses are hereby
20 appropriated to the division, except as provided in ~~subsection (2)~~
21 SUBSECTION (3) of this section.

22 ~~(1.5)~~ (2) The division shall deposit all liquidated damages into the
23 lottery fund, and any revenues received from liquidated damages shall not
24 be expended by the division unless appropriated by the general assembly.
25 The division shall not receive any goods or services in lieu of an
26 assessment of liquidated damages, nor shall the division require a vendor
27 to purchase goods and services in lieu of an assessment of liquidated

1 damages.

2 ~~(2)~~ (3) Expenses of the division shall be paid from the lottery fund
3 only as appropriated by the general assembly.

4 ~~(3)~~ (4) Upon request, it is the duty of the state treasurer to report
5 to the director or the commission the amount of money on hand in the
6 lottery fund. All accounts and expenditures from the lottery fund shall be
7 certified by the director and paid by the state treasurer upon warrants
8 drawn by the controller. The controller is authorized as directed to draw
9 warrants payable out of the lottery fund upon vouchers therefor properly
10 certified.

11 ~~(4) Repealed.~~

12 ~~(4.1)~~ (5) (a) The amount to be transferred from the lottery fund to
13 the conservation trust fund shall be forty percent of the net proceeds of
14 the lottery for the preceding fiscal quarter after payment of the expenses
15 of the division and any prizes for the lottery and after reserving sufficient
16 ~~moneys~~ MONEY, as of the end of the fiscal year, to ensure the operation
17 of the lottery for the ensuing fiscal year. The ~~moneys~~ MONEY reserved by
18 the lottery shall be held in cash and investments. Beginning with the
19 fourth quarter of fiscal year 1998-99, and each fiscal year thereafter,
20 distributions of net lottery proceeds to the conservation trust fund shall be
21 made in accordance with the provisions of section 33-60-104 (1)(a).

22 ~~C.R.S.~~

23 (b) (I) Beginning with the first quarter of fiscal year 1998-99 and
24 each fiscal year thereafter, distributions of net lottery proceeds to the
25 division of parks and wildlife shall be made in accordance with the
26 provisions of ~~paragraph (b) of subsection (1) of section 33-60-104, C.R.S.~~
27 SECTION 33-60-104 (1)(b).

1 (II) The appropriation of ~~moneys~~ MONEY from the state lottery for
2 capital construction shall be consistent with part 13 of article 3 of title 2
3 ~~C.R.S.~~, until ~~such time as said~~ part 13 is repealed.

4 (c) The lottery money available for appropriation to the division
5 of parks and wildlife pursuant to ~~paragraph (b) of this subsection (4.1)~~
6 SUBSECTION (5)(b) OF THIS SECTION shall be appropriated and expended
7 for the acquisition and development of new state parks, new state
8 recreation areas, or new recreational trails, for the expansion of existing
9 state parks, state recreation areas, or recreational trails, or for capital
10 improvements of both new and existing state parks, state recreation areas,
11 or recreational trails. Except as provided in section 33-60-105, ~~C.R.S.~~, in
12 addition to appropriation for the division's capital construction budget,
13 said lottery money may be appropriated for the division's operating
14 budget for expenditures attributable to the maintenance and operation of
15 state parks, state recreation areas, or recreational trails, or any portions
16 thereof, that have been acquired or developed with lottery money.

17 (d) This ~~subsection (4.1) shall become~~ SUBSECTION (5) BECOMES
18 effective on September 1, 1998. ~~or on any earlier date on which the~~
19 ~~lease-purchase obligations undertaken by the state pursuant to subsection~~
20 ~~(4) of this section are discharged.~~

21 (5) ~~Repealed.~~

22 (6) The state treasurer shall invest the ~~moneys~~ MONEY in the
23 lottery fund so long as said ~~moneys are~~ MONEY IS timely available to pay
24 the expenses of the division, to pay the prizes to the lottery winners, to
25 make authorized transfers to the conservation trust fund, and to fund the
26 annual appropriations authorized by ~~subsection (4.1)~~ SUBSECTION (5) of
27 this section. Investments shall be those otherwise permitted by state law,

1 and interest or any other return on the investments shall be paid into the
2 lottery fund.

3 (7) The division shall be operated so that, after the initial state
4 appropriation, it shall be self-sustaining.

5 (8) No claim for the payment of any expense of the division or the
6 payment of any lottery prize can be made unless it is against the lottery
7 fund or against ~~moneys~~ MONEY collected from the sale of lottery tickets
8 or shares. No other ~~moneys~~ MONEY of the state of Colorado shall be used
9 or obligated to pay the expenses of the division or prizes of the lottery.

10 (9) The total disbursements for lottery prizes shall be no less than
11 fifty percent of the total revenue accruing from the sale of lottery tickets
12 or shares.

13 (10) (a) ~~(I) (Deleted by amendment, L. 2005, p. 279, § 11,
14 effective August 8, 2005.)~~

15 ~~(H)~~ Net lottery proceeds to be distributed to the conservation trust
16 fund, as computed pursuant to this section, shall be transferred to the
17 conservation trust subaccount of the lottery fund, which subaccount is
18 hereby created, once each month. ~~Such~~ Transfers shall be made from net
19 lottery proceeds reflected in the monthly statement ~~required to be filed~~
20 ~~pursuant to section 24-35-204(3)(k)~~ for the period ending sixty days prior
21 to each monthly distribution. The state treasurer shall invest all ~~moneys~~
22 MONEY in the conservation trust subaccount in investments permitted by
23 state law. Notwithstanding subsection (6) of this section, interest or any
24 other return on ~~such~~ THE investments shall be distributed to the
25 conservation trust fund with other ~~moneys~~ MONEY in the conservation
26 trust subaccount pursuant to section 33-60-103. ~~C.R.S.~~

27 ~~(H)~~ (b) Beginning with the first quarter of fiscal year 1998-99,

1 distributions shall be made on a quarterly basis in accordance with the
2 provisions of section 33-60-104, ~~C.R.S.~~, with the distribution of net
3 lottery proceeds for the first quarter occurring on December 1 of ~~such~~ THE
4 fiscal year, distribution of net lottery proceeds for the second quarter
5 occurring on March 1 of ~~such~~ THE fiscal year, distribution of net lottery
6 proceeds for the third quarter occurring on June 1 of ~~such~~ THE fiscal year,
7 and distribution of net lottery proceeds for the fourth quarter occurring on
8 September 1 following the close of ~~such~~ THE fiscal year.

9 ~~(b) Repealed.~~

10 (11) The general assembly may establish priorities in the general
11 appropriation act for expenditures for projects to be financed from net
12 lottery proceeds appropriated for capital construction. ~~Such~~ THE priorities
13 shall govern the use of quarterly distributions from the lottery fund in
14 order to assure that available revenues are used to fund higher priority
15 projects before they are used to fund lower priority projects.

16 **44-40-112. [Formerly 24-35-211] Audits and annual reports.**

17 (1) The lottery fund shall be audited at least annually by or under the
18 direction of the state auditor, who shall submit a report of the audit to the
19 legislative audit committee. The annual audit shall include compliance
20 with section 3 of article XXVII of the state constitution. The expenses of
21 the audit shall be paid from the lottery fund.

22 ~~(2) Repealed.~~

23 ~~(3)~~ (2) The director shall evaluate the lottery's expenditures to
24 determine areas where the expenditures may be reduced with the goal of
25 increasing net proceeds as a percentage of sales paid to the beneficiaries.
26 Not later than July 1, 2005, the director shall report to the governor, the
27 legislative audit committee, and the joint budget committee on any

1 recommendations he or she desires to make based upon the evaluation.

2 **44-40-113. [Formerly 24-35-212] Prizes.** (1) The right of any
3 person to a prize is not assignable; except that payment of any prize may
4 be paid to:

5 (a) The estate of a deceased prizewinner; or

6 (b) Any person pursuant to a voluntary assignment of the right to
7 receive future annual prize payments, in whole or in part, if the
8 assignment is made pursuant to an appropriate judicial order of the
9 district court located in the city and county of Denver or the judicial
10 district where the assignor resides or where the commission's
11 headquarters are located.

12 ~~(1.5)~~ (2) (a) A copy of the petition for an order described in
13 ~~paragraph (b) of subsection (1)~~ SUBSECTION (1)(b) of this section and of
14 all notices of any hearing in the matter shall be served on the executive
15 director no later than ten days prior to any hearing or entry of any order.

16 (b) The commission may intervene as of right in any ~~such~~
17 proceeding solely to protect the interests of the commission but shall not
18 be deemed an indispensable or necessary party.

19 (c) The court receiving the petition is authorized to issue an order
20 approving the assignment and directing the executive director to pay to
21 the assignee all future prize payments so assigned upon finding that all of
22 the following conditions have been met:

23 (I) The assignment has been memorialized in writing and executed
24 by the assignor and is subject to Colorado law;

25 (II) The assignor provides a sworn declaration to the court
26 attesting to the facts that the assignor has had the opportunity to be
27 represented by independent legal counsel in connection with the

1 assignment, has received independent financial and tax advice concerning
2 the effects of the assignment, and is of sound mind and not acting under
3 duress; and

4 (III) The proposed assignment does not and will not include or
5 cover payments or portions of payments subject to offsets pursuant to
6 ~~subsection (5)~~ SUBSECTION (6) of this section, unless appropriate
7 provision is made in the order to satisfy the obligations giving rise to the
8 offset.

9 (d) Within ten days of receipt of a certified copy of a court order
10 granted pursuant to this ~~subsection (1.5)~~ SUBSECTION (2), the executive
11 director shall acknowledge in writing to both the assignor and the
12 assignee the executive director's agreement to make the payments in
13 accordance with the provisions of the order. The executive director shall
14 make ~~such~~ THE payments pursuant to said order.

15 (e) The commission shall not adopt rules ~~and regulations~~ for the
16 implementation of this ~~subsection (1.5)~~ SUBSECTION (2) that are more
17 restrictive than the provisions of this ~~subsection (1.5)~~ SUBSECTION (2),
18 that impose requirements in addition to those set forth in this ~~subsection~~
19 ~~(1.5)~~ SUBSECTION (2), or that are inconsistent with the expressed intent of
20 the general assembly.

21 (f) The executive director is authorized to establish a reasonable
22 fee to defray any administrative expenses of the executive director
23 associated with assignments made pursuant to this section. The fee
24 amounts shall reflect the direct and indirect costs associated with
25 processing the assignments.

26 ~~(1.6) (Deleted by amendment, L. 2009, (HB 09-1002), ch. 31, p.~~
27 ~~135, § 7, effective March 20, 2009.)~~

1 ~~(2)~~ (3) Notwithstanding any provision of this ~~part 2~~ ARTICLE 40 to
2 the contrary, the commission may authorize licensed sales agents to retain
3 all prizes pursuant to the rules of the commission for the persons entitled
4 to ~~such~~ THE prizes for one hundred eighty days after the termination dates
5 of the lottery games for which the prizes were won. ~~Such~~ THE prizes shall
6 be held in trust on behalf of the division for payment to the persons so
7 entitled. No separate accounting of ~~such~~ THE prizes needs to be made by
8 the licensed sales agent unless requested by the director. Any person who
9 fails to claim a prize during the one-hundred-eighty-day period shall
10 forfeit all rights to the prize, and the amount of the prize shall become the
11 property of the licensee. All other unclaimed prizes shall be retained by
12 the division for the persons entitled to ~~such~~ THE prizes for the
13 one-hundred-eighty-day period. Any person who fails to claim a prize
14 ~~which~~ THAT is held by the division or its designee during ~~such~~ THAT time
15 shall forfeit all rights to the prize, and the amount of the prize shall
16 remain in the lottery fund.

17 ~~(3)~~ (4) The division shall be discharged of all liability upon the
18 payment of any prize pursuant to this ~~part 2~~ ARTICLE 40.

19 ~~(4)~~ (5) Any prize won by a person under eighteen years of age
20 who purchased a winning ticket in violation of ~~section 24-35-214(1)(c)~~
21 SECTION 44-40-116(1)(c) shall be forfeited. If a person otherwise entitled
22 to a prize or a winning ticket is under eighteen years of age, the director
23 may direct payment of the prize by delivery to an adult member of the
24 minor's family or a guardian of the minor of a check or draft payable to
25 the order of ~~such~~ THE minor.

26 ~~(5)~~ (6) (a) Prior to the payment of any lottery cash prize or
27 non-cash prize required by rule ~~and regulation~~ of the commission to be

1 paid only at the lottery offices and subject to state and federal tax
2 reporting, the department of revenue shall require the winner to submit
3 the winner's social security number and federal employer identification
4 number, if applicable, and shall check the social security number of the
5 winner with those certified by the department of human services for the
6 purpose of the state lottery winnings offset as provided in section
7 26-13-118. ~~€R.S.~~ For a lottery cash prize, beginning January 1, 2012, the
8 department of revenue shall also check the social security number of the
9 winner with those certified by the department of personnel for the
10 purpose of the state lottery winnings offset as provided in section
11 24-30-202.7. The social security number and the federal employer
12 identification number shall not become part of the public record of the
13 department. ~~of revenue.~~ If the social security number of a lottery winner
14 appears among those certified by the department of human services, the
15 department of revenue shall obtain the current address of the winner,
16 notify the department of human services, and suspend the payment of the
17 cash prize or non-cash prize until the requirements of section 26-13-118
18 ~~€R.S.~~, are met. If, after consulting with the department of human
19 services, the department of revenue determines that the lottery winner
20 owes a child support debt or child support costs pursuant to section
21 14-14-104, ~~€R.S.~~, or owes child support arrearages as part of an
22 enforcement action pursuant to article 5 of title 14, ~~€R.S.~~, or owes child
23 support arrearages or child support costs ~~which~~ THAT are the subject of
24 enforcement services provided pursuant to section 26-13-106, ~~€R.S.~~,
25 then the department of revenue shall withhold from the amount of the
26 cash prize paid to the lottery winner an amount equal to the amount of
27 child support debt, child support arrearages, and child support costs ~~which~~

1 THAT are due or, if the amount of the cash prize is less than or equal to the
2 amount of child support debt, arrearages, and costs due, shall withhold the
3 entire amount of the lottery cash prize. Any cash prize so withheld for the
4 department of human services shall be transmitted to the state treasurer
5 for disbursement by the department of human services as directed in
6 section 26-13-118. ~~C.R.S.~~ If the social security number of a lottery cash
7 prize winner appears among those certified by the department of
8 personnel, the department of ~~revenue~~ shall obtain the current address of
9 the winner, notify the department of personnel, and suspend the payment
10 of the cash prize until the requirements of section 24-30-202.7 are met.
11 If, after consulting with the department of personnel, the department of
12 ~~revenue~~ determines that the lottery winner owes an outstanding debt that
13 has been certified pursuant to section 24-30-202.7, then the department
14 of ~~revenue~~ shall withhold from the amount of the cash prize paid to the
15 lottery winner an amount equal to the amount of the outstanding debt or,
16 if the amount of the cash prize is less than or equal to the amount of the
17 outstanding debt, shall withhold the entire amount of the lottery cash
18 prize. Any cash prize so withheld for the department of personnel shall
19 be transmitted to the state treasurer for disbursement in accordance with
20 section 24-30-202.7 (4).

21 (b) A lottery winner of a non-cash prize who owes child support
22 debt, child support arrearages, or child support costs shall forfeit the
23 prize, unless:

24 (I) (A) All of the child support debt, child support arrearages, and
25 child support costs are paid by the lottery winner within ten working days
26 after claiming the suspended non-cash prize; and

27 (B) The department of human services has notified the department

1 of revenue that payment has been received; or

2 (II) An administrative review is requested pursuant to section
3 26-13-118 (2), ~~C.R.S.~~, and the requirements set forth in ~~paragraph (c) of~~
4 ~~this subsection (5)~~ SUBSECTION (6)(c) OF THIS SECTION are met.

5 (c) If an administrative review is requested pursuant to section
6 26-13-118 (2), ~~C.R.S.~~, the non-cash prize shall remain suspended until the
7 department of human services notifies the department of revenue that the
8 administrative review process has been completed pursuant to rules of the
9 state board of human services. If at the administrative review it is
10 determined that the winner owes child support debt, child support
11 arrearages, or child support costs, the winner shall forfeit the non-cash
12 prize unless:

13 (I) The winner pays the child support debt, child support
14 arrearages, and child support costs in full within ten days after the date of
15 the letter informing the lottery winner of the results of the administrative
16 review; and

17 (II) The department of human services notifies the department of
18 revenue that payment has been received.

19 (d) If forfeited by the lottery winner, the non-cash prize shall be
20 sold at fair market value. The proceeds of the sale shall be transmitted to
21 the state treasurer for disbursement in accordance with the requirements
22 of section 26-13-118 (3). ~~C.R.S.~~

23 (e) (I) Notwithstanding any provision of this ~~subsection (5)~~
24 SUBSECTION (6) to the contrary, if, in addition to owing an outstanding
25 debt, a lottery winner owes either restitution as described in ~~section~~
26 ~~24-35-212.5~~ SECTION 44-40-114 or a child support debt or arrearages or
27 child support costs as described in this ~~subsection (5)~~ SUBSECTION (6), any

1 lottery winnings offset against ~~such~~ THE restitution or child support debt
2 or arrearages or child support costs shall take priority and be applied first.
3 If, in such instance, the lottery winner owes both types of debts, both
4 offsets shall take priority and the provisions of ~~section 24-35-212.5 (3)~~
5 SECTION 44-40-114 (3) shall apply.

6 (II) The remaining lottery winning ~~moneys~~ MONEY, if any, after
7 the offsets described in ~~subparagraph (f) of this paragraph (c)~~ SUBSECTION
8 (5)(e)(I) OF THIS SECTION shall be applied toward the payment of
9 outstanding debt and processed in accordance with this section.

10 ~~(6)~~ (7) Notwithstanding any provision of this section to the
11 contrary, all or any part of a prize won by a person may be pledged as
12 collateral for a loan; however, the pledging of all or any part of ~~such~~ THE
13 prize creates no liability to the state of Colorado.

14 **44-40-114. [Formerly 24-35-212.5] Prizes - lottery winnings**
15 **offset for restitution.** (1) Prior to the payment of any lottery winnings
16 required by rule ~~and regulation~~ of the commission to be paid only at the
17 lottery offices, the department ~~of revenue~~ shall require the winner to
18 submit the winner's social security number and federal employer
19 identification number, if applicable, and shall check the social security
20 number of the winner with those certified by the judicial department for
21 the purpose of the state lottery winnings offset as provided in section
22 16-18.5-106.5. ~~C.R.S.~~ The social security number and the federal
23 employer identification number shall not become part of the public record
24 of the department. ~~of revenue.~~

25 (2) If the social security number of a lottery winner appears
26 among those certified by the judicial department, the department ~~of~~
27 ~~revenue~~ shall suspend the payment of ~~such~~ THE winnings until the

1 requirements of section 16-18.5-106.5 ~~C.R.S.~~, are met. If, after consulting
2 with the judicial department, the department of ~~revenue~~ determines that
3 the lottery winner is obligated to pay the amounts certified under
4 16-18.5-106.5, ~~C.R.S.~~, then the department of ~~revenue~~ shall withhold
5 from the amount of winnings paid to the lottery winner an amount equal
6 to the amount of restitution ~~which~~ THAT is due or, if the amount of
7 winnings is less than or equal to the amount of restitution due, shall
8 withhold the entire amount of the lottery winnings. Any ~~moneys~~ MONEY
9 so withheld shall be transmitted to the state treasurer for disbursement as
10 directed in section 16-18.5-106.5 (3). ~~C.R.S.~~

11 (3) If a lottery winner owes a child support debt or arrearages or
12 child support costs as described in ~~section 24-35-212 (5)~~ SECTION
13 44-40-113 (6), and also owes restitution as described in this section, the
14 lottery winnings offset against the child support debt or arrearages or
15 costs shall take priority and be applied first. The remaining lottery
16 winning ~~moneys~~ MONEY, if any, shall be applied toward the payment of
17 outstanding restitution and processed in accordance with this section.

18 **44-40-115. [Formerly 24-35-213] Legal services.** (1) The
19 attorney general shall provide legal services for the division and the
20 commission at the request of the director or the commission. The attorney
21 general shall make reasonable efforts to ensure that there is continuity in
22 the legal services provided and that the attorneys providing legal services
23 to the division and the commission have expertise in ~~such~~ THE field.

24 (2) The director shall cause the attorney general to make
25 investigations and to prosecute and defend, on behalf of and in the name
26 of the division, suits and proceedings for any of the purposes necessary
27 and proper for carrying out the functions of the division.

1 (3) Expenses of the attorney general incurred in the performance
2 of his OR HER responsibilities under this section shall be paid from the
3 lottery fund.

4 **44-40-116. [Formerly 24-35-214] Unlawful acts.** (1) It is
5 unlawful for any person:

6 (a) To sell a lottery ticket or share at a price greater than or less
7 than that fixed by the commission; however, a lottery ticket or share
8 ~~which~~ THAT is offered at no additional charge in conjunction with the sale
9 of a product or service shall not be deemed to violate this section unless
10 the offer is made to a person under eighteen years of age;

11 (b) To sell a lottery ticket or share unless authorized or licensed
12 by the director to do so, but this shall not prevent lottery tickets or shares
13 from being given as gifts;

14 (c) To sell a lottery ticket or share to any person under eighteen
15 years of age or for any person under eighteen years of age to purchase a
16 lottery ticket or share, but this shall not prevent receipt of a lottery ticket
17 or share given as a gift to a person under eighteen years of age;

18 (d) To sell a lottery ticket or share at any place other than that
19 place authorized and specified on the license.

20 **44-40-117. [Formerly 24-35-215] Penalties.** (1) In addition to
21 any other penalties ~~which~~ THAT may apply, any person violating any of
22 the provisions of ~~section 24-35-214~~ SECTION 44-40-116 commits a class
23 2 misdemeanor and shall be punished as provided in section 18-1.3-501.
24 ~~C.R.S.~~

25 (2) Any person violating the sale restrictions of ~~section 24-35-214~~
26 ~~(1)(c)~~ SECTION 44-40-116 (1)(c) may also be proceeded against pursuant
27 to section 18-6-701 ~~C.R.S.~~, for contributing to the delinquency of a

1 minor.

2 (3) Any person issuing, suspending, revoking, or renewing
3 contracts pursuant to ~~section 24-35-205~~ SECTION 44-40-106 or licenses
4 pursuant to ~~section 24-35-206~~ SECTION 44-40-107 for any personal
5 pecuniary gain or any thing of value as defined in section 18-1-901 (3)(r),
6 ~~€R.S.~~, or any person violating any of the provisions of ~~section 24-35-209~~
7 SECTION 44-40-110, commits a class 3 felony and shall be punished as
8 provided in section 18-1.3-401. ~~€R.S.~~

9 (4) Any person violating any of the provisions of this ~~part 2~~
10 ARTICLE 40 relating to disclosure by providing any false or misleading
11 information commits a class 6 felony and shall be punished as provided
12 in section 18-1.3-401. ~~€R.S.~~

13 **44-40-118. [Formerly 24-35-216] Advertising.** Any promotional
14 advertising regarding the lottery shall set forth the odds of winning and
15 the average return on the dollar in prize money to the public. All
16 promotional advertising expenses shall be paid from the lottery fund.

17 **44-40-119. [Formerly 24-35-217] Other laws inapplicable.** Any
18 other state or local law in conflict with this ~~part 2~~ ARTICLE 40 is
19 inapplicable, but this section does not supersede or affect part 6 of article
20 21 of ~~this title~~ TITLE 24.

21 **44-40-120. [Formerly 24-35-218] Division subject to**
22 **termination.** (1) (a) Unless continued or reestablished by the general
23 assembly acting by bill, the division shall terminate on July 1, 2024.

24 (b) (I) The state auditor shall conduct annual financial audits of
25 the division.

26 (II) At least once every five years, and more frequently in the state
27 auditor's discretion, the state auditor shall conduct an analysis and

1 evaluation of the performance of the division and shall submit a written
2 report, together with ~~such~~ ANY supporting materials as may be requested,
3 to the general assembly. The first ~~such~~ report shall be completed by
4 January 1, 2004.

5 (c) In conducting the analysis and evaluation required by
6 ~~subparagraph (H) of paragraph (b) of this subsection (1)~~ SUBSECTION
7 (1)(b)(II) OF THIS SECTION, the state auditor shall take into consideration,
8 but not be limited to considering, the following factors:

9 (I) The amount of revenue generated by the lottery for its
10 beneficiaries as specified in article XXVII of the state constitution;

11 (II) The administrative and other expense of lottery dollar
12 collections as compared to revenue derived;

13 (III) An evaluation of the contracts, and compliance with ~~such~~ THE
14 contracts, of lottery equipment contractors and licensed sales agents;

15 (IV) Whether there has been an increase in organized crime
16 related to gambling within the state;

17 ~~(V) (Deleted by amendment, L. 2004, p. 1142, § 9, effective July~~
18 ~~1, 2004.)~~

19 ~~(VI)~~ (V) A report on the results of the analysis prepared by the
20 division on the socioeconomic profile of persons who play the lottery,
21 including information comparing the results of past analyses to assess the
22 movement of persons from various categories;

23 ~~(VII)~~ (VI) Whether the commission encourages public
24 participation in its decisions rather than participation only by the people
25 whom it regulates;

26 ~~(VIII)~~ (VII) An evaluation of the effectiveness and efficiency of
27 the division's complaint, investigation, and disciplinary procedures;

1 ~~(IX)~~ (VIII) Whether the division performs its statutory duties
2 efficiently and effectively;

3 ~~(X)~~ (IX) Whether administrative or statutory changes are
4 necessary to improve the operation of the lottery in the best interests of
5 the state's citizens;

6 ~~(XI)~~ (X) Any other matters of concern about the operation and
7 functioning of the lottery; and

8 ~~(XII)~~ (XI) A report on any gifts and gratuities received by
9 members of the commission and employees of the division.

10 ~~(d)~~ (2) Prior to any revision of the division's functions, a
11 committee of reference in each house of the general assembly shall hold
12 a public hearing thereon to consider the report provided by the state
13 auditor, as required by ~~subparagraph (H) of paragraph (b) of this~~
14 ~~subsection (1)~~ SUBSECTION (1)(b)(II) OF THIS SECTION. The hearing shall
15 include the factors set forth in ~~paragraph (c) of this subsection (1)~~
16 SUBSECTION (1)(c) OF THIS SECTION.

17 ~~(2) Repealed.~~

18 **44-40-121. [Formerly 24-35-219] Licensed agent recovery**
19 **reserve - payments from reserve - revocation of license.** (1) There is
20 hereby created in the lottery fund the licensed agent recovery reserve,
21 ~~which~~ THAT shall be used under the direction of the division in the
22 manner prescribed in this section.

23 (2) (a) Beginning January 1, 1988, each licensed sales agent shall
24 pay to the division a fee.

25 (b) The amount of ~~such~~ THE fee and the frequency with which it
26 shall be collected shall be established by the commission pursuant to rule.
27 ~~and regulation.~~

1 (c) All fees collected by the division pursuant to ~~paragraph (b) of~~
2 ~~this subsection (2)~~ SUBSECTION (2)(b) OF THIS SECTION shall be
3 transmitted to the state treasurer, who shall credit the same to the lottery
4 fund, ~~which~~ AND THE fees shall be maintained administratively as part of
5 the licensed agent recovery reserve. Any interest earned on the investment
6 of ~~such~~ THE fees in the fund shall be credited at least annually to said
7 reserve.

8 (d) No ~~moneys~~ MONEY shall be appropriated from the general
9 fund for the payment of any expenses incurred under this section, and no
10 ~~such~~ expenses shall be charged against the state.

11 (3) When a licensed sales agent has failed to remit any ~~moneys~~
12 MONEY owed to the lottery under rule, ~~and regulation~~, the division shall
13 transfer ~~moneys~~ MONEY in the amount equivalent to the unpaid amount
14 from the licensed agent recovery reserve to the lottery fund.

15 (4) If the division is required to make a transfer pursuant to
16 subsection (3) of this section, the director shall revoke the sales agent's
17 license in accordance with the provisions of ~~section 24-35-206 (3)~~
18 SECTION 44-40-107 (3). If the license is revoked, the sales agent shall not
19 be eligible to be licensed again until he OR SHE has repaid in full the
20 amount paid from the licensed agent recovery reserve.

21 **44-40-122. [Formerly 24-35-221] Revenue bonds - authority -**
22 **issuance - requirements - covenants.** (1) (a) The commission may, by
23 resolution ~~which~~ THAT meets the requirements of subsection (2) of this
24 section, authorize and issue revenue bonds in an amount not to exceed ten
25 million dollars in the aggregate for expenses of the division. ~~Such~~ THE
26 bonds may be issued only after approval by both houses of the general
27 assembly either by act or joint resolution and after approval by the

1 governor in accordance with section 39 of article V of the state
2 constitution. ~~Such~~ THE bonds shall be payable only from ~~moneys~~ MONEY
3 allocated to the division for expenses of the division pursuant to ~~section~~
4 ~~24-35-210 (1)~~ SECTION 44-40-111 (1).

5 (b) All bonds issued by the commission shall provide that:

6 (I) No holder of any such bond may compel the state or any
7 subdivision thereof to exercise its appropriation or taxing power; and

8 (II) The bond does not constitute a debt of the state and is payable
9 only from the net revenues allocated to the division for expenses as
10 designated in ~~such~~ THE bond.

11 (2) (a) Any resolution authorizing the issuance of bonds under the
12 terms of this section shall:

13 (I) State the date of issuance of the bonds;

14 (II) State a maturity date or dates during a period not to exceed
15 thirty years from the date of issuance of the bonds;

16 (III) State the interest rate or rates on, and the denomination or
17 denominations of, the bonds;

18 (IV) State the medium of payment of the bonds and the place
19 where the bonds will be paid.

20 (b) Any resolution authorizing the issuance of bonds under the
21 terms of this section may:

22 (I) State that the bonds are to be issued in one or more series;

23 (II) State a rank or priority of the bonds;

24 (III) Provide for redemption of the bonds prior to maturity, with
25 or without premium.

26 (3) Any bonds issued pursuant to the terms of this section may be
27 sold at public or private sale. If bonds are to be sold at a public sale, the

1 commission shall advertise the sale in ~~such~~ ANY manner ~~as~~ THAT the
2 commission deems appropriate. All bonds issued pursuant to the terms of
3 this section shall be sold at a price not less than the par value thereof,
4 together with all accrued interest to the date of delivery.

5 (4) Notwithstanding any provisions of the law to the contrary, all
6 bonds issued pursuant to this section are negotiable.

7 (5) (a) A resolution pertaining to issuance of bonds under this
8 section may contain covenants as to:

9 (I) The purpose to which the proceeds of sale of the bonds may be
10 applied and to the use and disposition thereof;

11 (II) ~~Such~~ ANY matters ~~as~~ THAT are customary in the issuance of
12 revenue bonds including, without limitation, the issuance and lien
13 position of other or additional bonds; and

14 (III) Books of account and the inspection and audit thereof.

15 (b) Any resolution made pursuant to the terms of this section shall
16 be deemed a contract with the holders of the bonds, and the duties of the
17 commission under ~~such~~ THE resolution shall be enforceable by any
18 appropriate action in a court of competent jurisdiction.

19 (6) Bonds issued under this section and bearing the signatures of
20 members of the commission in office on the date of the signing thereof
21 shall be valid and binding obligations, regardless of whether, prior to the
22 delivery thereof and payment therefor, any or all of the persons whose
23 signatures appear thereon have ceased to be members of the commission.

24 (7) (a) Except as otherwise provided in the resolution authorizing
25 the bonds, all bonds of the same issue under this section shall have a prior
26 and paramount lien on the net revenues pledged therefor. The commission
27 may provide for preferential security for any bonds, both principal and

1 interest, to be issued under this section to the extent deemed feasible and
2 desirable by ~~such~~ THE commission over any bonds that may be issued
3 thereafter.

4 (b) Bonds of the same issue or series issued under this section
5 shall be equally and ratably secured, without priority by reason of
6 number, date, sale, execution, or delivery, by a lien on the net revenue
7 pledged in accordance with the terms of the resolution authorizing the
8 bonds.

9 **44-40-123. [Formerly 24-35-222] Immunity.** A lottery sales
10 agent licensed pursuant to ~~section 24-35-206~~ SECTION 44-40-107 shall not
11 be liable for monetary damages or otherwise for the sale of a lottery ticket
12 that complies with this ~~part 2~~ ARTICLE 40, rules promulgated pursuant to
13 this ~~part 2~~ ARTICLE 40, or orders issued by the director.

14 **SECTION 3. Repeal of relocated provisions in this act.** In
15 Colorado Revised Statutes, **repeal** part 2 of article 35 of title 24.

16 **SECTION 4.** In Colorado Revised Statutes, 6-1-802, **amend** (1)
17 and (10) as follows:

18 **6-1-802. Definitions.** As used in this part 8, unless the context
19 otherwise requires:

20 (1) "Contest" means any game, puzzle, competition, or plan that
21 holds out or offers to prospective participants the opportunity to receive
22 or compete for gifts, prizes, or gratuities as determined by skill or any
23 combination of chance and skill; except that "contest" shall not be
24 construed to include any activity of licensees regulated under article 9 or
25 article 47.1 of title 12, C.R.S., or ~~part 2 of article 35 of title 24, C.R.S.~~
26 ARTICLE 40 OF TITLE 44.

27 (10) "Sweepstakes" means any competition, giveaway, drawing,

1 plan, or other selection process or other enterprise or promotion in which
2 anything of value is awarded to participants by chance or random
3 selection that is not otherwise unlawful under other provisions of law;
4 except that "sweepstakes" shall not be construed to include any activity
5 of licensees regulated under article 9 ~~or article 47.1~~ of title 12, C.R.S., or
6 ~~part 2 of article 35 of title 24, C.R.S.~~ ARTICLES 30 OR 40 OF TITLE 44.

7 **SECTION 5.** In Colorado Revised Statutes, 12-9-102, **amend** the
8 introductory portion and (19.3) as follows:

9 **12-9-102. Definitions.** As used in this ~~article~~ ARTICLE 9, unless
10 the context otherwise requires:

11 (19.3) "Raffle" means a game in which a participant buys a ticket
12 for a chance at a prize with the winner determined by a random method
13 as determined by rules of the licensing authority, or a pull tab ticket as
14 described in subsection (18.1) of this section. The term "raffle" does not
15 include any activity that is authorized or regulated by the state lottery
16 division pursuant to ~~part 2 of article 35 of title 24, C.R.S.~~ ARTICLE 40 OF
17 TITLE 44, or the "Limited Gaming Act of 1991", ~~article 47.1 of this title~~
18 ARTICLE 30 OF TITLE 44.

19 **SECTION 6.** In Colorado Revised Statutes, **amend** 16-2.5-121
20 as follows:

21 **16-2.5-121. Executive director of the department of revenue**
22 **- senior director of enforcement for the department of revenue.** The
23 executive director and the senior director of enforcement of the
24 department ~~of revenue~~ are peace officers while engaged in the
25 performance of their duties whose authority includes the enforcement of
26 laws and rules regarding automobile dealers pursuant to section 12-6-105
27 (3), the lottery pursuant to ~~sections 24-35-205 (3) and 24-35-206 (7)~~

1 SECTIONS 44-40-106 (3) AND 44-40-107 (8), medical marijuana pursuant
2 to article 43.3 of title 12, limited gaming pursuant to ~~section 12-47.1-204~~
3 ARTICLE 30 OF TITLE 44, liquor pursuant to section 12-47-904 (1), and
4 racing events pursuant to section 12-60-203 (1), and the enforcement of
5 all laws of the state of Colorado and who may be certified by the P.O.S.T.
6 board.

7 **SECTION 7.** In Colorado Revised Statutes, **amend** 16-2.5-125
8 as follows:

9 **16-2.5-125. State lottery investigator.** A state lottery investigator
10 is a peace officer while engaged in the performance of his or her duties
11 whose primary authority shall be as stated in ~~sections 24-35-205 (3) and~~
12 ~~24-35-206 (7), C.R.S.~~ SECTIONS 44-40-106 (3) AND 44-40-107 (8), and
13 shall also include the enforcement of all laws of the state of Colorado and
14 who may be certified by the P.O.S.T. board.

15 **SECTION 8.** In Colorado Revised Statutes, 16-18.5-106.5,
16 **amend** (3)(a) and (5) as follows:

17 **16-18.5-106.5. Lottery winnings offset - restitution.**
18 (3) (a) Except as otherwise provided in subsection (5) of this section,
19 upon notification by the department of revenue of amounts deposited with
20 the state treasurer pursuant to ~~section 24-35-212.5, C.R.S.~~ SECTION
21 44-40-114, and upon the transfer of the amounts by the state treasurer to
22 the court in which the restitution obligation is pending, the court shall
23 disburse the amounts in accordance with this subsection (3).

24 (5) If a lottery winner owes restitution in a criminal or juvenile
25 case and also owes a child support debt or arrearages as described in
26 section 26-13-118 (1), ~~C.R.S.~~, the lottery winnings offset described in
27 ~~sections 24-35-212 (5)~~ SECTION 44-40-113 (6) and 26-13-118, ~~C.R.S.~~,

1 shall take priority and be applied first. Any remaining lottery winnings
2 shall be disbursed and distributed in accordance with this section.

3 **SECTION 9.** In Colorado Revised Statutes, 18-5-102, **amend**
4 (1)(g) as follows:

5 **18-5-102. Forgery.** (1) A person commits forgery, if, with intent
6 to defraud, such person falsely makes, completes, alters, or utters a
7 written instrument which is or purports to be, or which is calculated to
8 become or to represent if completed:

9 (g) Part of an issue of lottery tickets or shares designed for use in
10 the lottery held pursuant to ~~part 2 of article 35 of title 24, C.R.S.~~ ARTICLE
11 40 OF TITLE 44; or

12 **SECTION 10.** In Colorado Revised Statutes, 24-30-202.7,
13 **amend** (4) as follows:

14 **24-30-202.7. Lottery winnings offset - definitions.** (4) Upon
15 notification by the department of revenue of amounts deposited with the
16 state treasurer pursuant to ~~section 24-35-212~~ SECTION 44-40-113, the
17 proceeds of the outstanding debt collected shall be accounted for and
18 deposited into the fund or funds required pursuant to section 24-30-202.4
19 (3)(d).

20 **SECTION 11.** In Colorado Revised Statutes, 24-30-1310, **amend**
21 (1)(d) as follows:

22 **24-30-1310. Funding for capital construction, controlled**
23 **maintenance, or capital renewal - definitions.** (1) As used in this
24 section, unless the context otherwise requires:

25 (d) "Cash fund" does not include the lottery fund created in
26 ~~section 24-35-210~~ SECTION 44-40-111 or the limited gaming fund created
27 in ~~section 12-47.1-701 (1)~~ SECTION 44-30-701 (1), nor does it include

1 money allocated to the division of parks and wildlife from lottery
2 proceeds as specified in section 3 of article XXVII of the state
3 constitution.

4 **SECTION 12.** In Colorado Revised Statutes, 24-30-1404, **amend**
5 (7)(a) as follows:

6 **24-30-1404. Contracts.** (7) (a) Except as provided in ~~paragraphs~~
7 ~~(b), (c), (e), (f), (g), and (h) of this subsection (7)~~ SUBSECTIONS (7)(b),
8 (7)(c), (7)(e), (7)(f), (7)(g), AND (7)(h) OF THIS SECTION, any professional
9 services contract entered into pursuant to the provisions of this part 14
10 shall be executed and encumbered within six months after the date on
11 which the appropriation that includes the project for which the
12 professional services are required becomes law. If no professional
13 services contract is required for a particular project, the contract with the
14 contractor for the project shall be entered into within six months after the
15 appropriation. If a state agency or state institution of higher education
16 determines that the nature of a particular project is such that the deadlines
17 imposed by this section cannot be met, the state agency or state institution
18 of higher education may request the capital development committee to
19 recommend to the controller that the deadline be waived for that project.
20 The controller, in consultation with the capital development committee
21 may grant a waiver from ~~such~~ THE deadlines. This subsection (7) shall not
22 apply to projects under the supervision of the department of
23 transportation. This subsection (7) shall not affect any priority established
24 pursuant to ~~section 24-35-210 (11)~~ SECTION 44-40-111 (11) in the general
25 appropriation act for expenditures for projects to be financed from net
26 lottery proceeds appropriated for capital construction.

27 **SECTION 13.** In Colorado Revised Statutes, 24-75-403, **amend**

1 (1)(d) as follows:

2 **24-75-403. Capital reserve - creation - annual appropriation**
3 **- definitions.** (1) As used in this section:

4 (d) "Cash fund" means any fund established by law for a specific
5 program or purpose; except that "cash fund" does not include the state
6 general fund created by section 24-75-201, the lottery fund created in
7 ~~section 24-35-210~~ SECTION 44-40-111, the highway users tax fund created
8 in section 43-4-201, ~~C.R.S.~~, or the limited gaming fund created in ~~section~~
9 ~~12-47.1-701 (1).~~ ~~C.R.S.~~ SECTION 44-30-701 (1).

10 **SECTION 14.** In Colorado Revised Statutes, 26-13-118, **amend**
11 (2) and (3) as follows:

12 **26-13-118. Lottery winnings offset.** (2) Upon receiving
13 notification from the department of revenue that a lottery winner appears
14 among those certified by the state department pursuant to ~~section~~
15 ~~24-35-212, C.R.S.~~ SECTION 44-40-113, the state department shall notify
16 the obligated parent, in writing, that the state intends to offset the parent's
17 current monthly child support obligation, child support debt, child support
18 arrearages, and child support costs against the parent's winnings from the
19 state lottery. ~~Such~~ THE notification shall include information on the
20 parent's right to object to the offset and to request an administrative
21 review pursuant to the rules ~~and regulations~~ of the state board of human
22 services.

23 (3) Upon notification by the department of revenue of amounts
24 deposited with the state treasurer pursuant to ~~section 24-35-212, C.R.S.~~
25 SECTION 44-40-113, and after deduction of the fees authorized in
26 subsection (4) of this section to be collected from applicants receiving
27 support enforcement services pursuant to section 26-13-106 (2), the state

1 department shall disburse such amounts to the appropriate county
2 department for processing or for distribution to the individual receiving
3 support enforcement services pursuant to section 26-13-106, as
4 appropriate.

5 **SECTION 15.** In Colorado Revised Statutes, 29-21-101, **amend**
6 (2)(b)(I) introductory portion as follows:

7 **29-21-101. Conservation trust funds - definitions.**

8 (2) (b) (I) The division shall annually determine the eligible entities and
9 shall distribute eligible entity shares as soon as possible after receiving
10 distributions from the lottery fund pursuant to ~~section 24-35-210 (10);~~
11 ~~C.R.S.~~ SECTION 44-40-111 (10) in the following manner:

12 **SECTION 16.** In Colorado Revised Statutes, 33-60-103, **amend**
13 (1)(a), (1)(a.5), and (2)(a) introductory portion as follows:

14 **33-60-103. Distribution of net lottery proceeds - fourth**
15 **quarter of fiscal year 1992-93 through fourth quarter of fiscal year**
16 **1997-98 - insufficiency - loan - repayment from net lottery proceeds.**

17 (1) Beginning with the proceeds from the fourth quarter of fiscal year
18 1992-93 through the fourth quarter of fiscal year 1997-98, the state
19 treasurer shall make monthly distributions of net lottery proceeds as
20 follows:

21 (a) ~~To the conservation trust fund in the amounts provided in~~
22 ~~section 24-35-210 (4), C.R.S.; except that, beginning with the proceeds~~
23 ~~from the fourth quarter of fiscal year 1993-94 through the fourth quarter~~
24 ~~of fiscal year 1997-98, such distributions shall be made on a quarterly~~
25 ~~basis;~~

26 (a.5) ~~To the division of parks and outdoor recreation in the~~
27 ~~amounts provided in section 24-35-210 (4), C.R.S.;~~

1 (2) (a) Pursuant to article XXVII of the state constitution,
2 payments on the obligations set forth in subsection (1) of this section shall
3 be made from the lottery fund created in ~~section 24-35-210, C.R.S.~~
4 SECTION 44-40-111 pursuant to the following schedule of principal and
5 interest payments:

6 **SECTION 17. Act subject to petition - effective date.** This act
7 takes effect at 12:01 a.m. on the day following the expiration of the
8 ninety-day period after final adjournment of the general assembly (August
9 8, 2018, if adjournment sine die is on May 9, 2018); except that, if a
10 referendum petition is filed pursuant to section 1 (3) of article V of the
11 state constitution against this act or an item, section, or part of this act
12 within such period, then the act, item, section, or part will not take effect
13 unless approved by the people at the general election to be held in
14 November 2018 and, in such case, will take effect on the date of the
15 official declaration of the vote thereon by the governor.