HOUSE DOCKET, NO. 3034 FILED ON: 1/19/2023

HOUSE . . . . . No. 255

The Commonwealth of Massachusetts

PRESENTED BY:

Daniel Cahill

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act relative to establishing an online lottery.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
Daniel Cahill	*10th Essex*	*1/19/2023*
Lindsay N. Sabadosa	*1st Hampshire*	*3/15/2023*

HOUSE DOCKET, NO. 3034 FILED ON: 1/19/2023

HOUSE . . . . . No. 255

By Representative Cahill of Lynn, a petition (accompanied by bill, House, No. 255) of Daniel Cahill for legislation to establish an online lottery. Consumer Protection and Professional Licensure.

The Commonwealth of Massachusetts

In the One Hundred and Ninety-Third General Court
(2023-2024)

An Act relative to establishing an online lottery.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 4A. Chapter 10 of the General Laws is hereby amended by striking out section 24, as so appearing, and inserting in place thereof the following section:-

Section 24. (a) The commission is hereby authorized to conduct a state lottery and shall determine: (i) the types of lotteries to be conducted; (ii) the prices of tickets or shares in the lottery; (iii) the number and sizes of the prizes on the winning tickets or shares; (iv) the manner of selecting the winning tickets or shares; (v) the manner of payment of prizes to the holders of

winning tickets or shares; (vi) the frequency of the drawings or selections of winning tickets or

shares; (vii) the types of locations at which tickets or shares may be sold; (viii) the method to be

used in selling tickets or shares; (ix) the licensing of agents to sell tickets or shares; provided,

however, that no person under the age of 18 shall be licensed as an agent; (x) the manner and

amount of compensation, if any, to be paid licensed sales agents; provided, however, that the

amount of compensation, if any, to be paid to licensed sales agents as a commission pursuant to

this section shall be calculated on the total face value of each ticket or share sold and not on any

discounted price of any such ticket or share sold; provided further, that the commission shall

authorize licensed sales agents to facilitate point of sale transactions using a debit card; and

provided further, that said commission shall prohibit point of sale transactions using credit cards

as defined in section 1 of chapter 140D and that point of sale transactions under this section shall

be subject to the restrictions pursuant to subsection (b) of section 5I of chapter 18; and (xi) such

other matters necessary or desirable for the efficient and economical operation and

administration of the lottery and for the convenience of the purchasers of tickets or shares and

the holders of winning tickets or shares. The commission is authorized to operate the daily

numbers game 7 days a week. Each physical state lottery ticket or share shall have imprinted

thereon the state seal and a serial number.

(b) The commission may establish, and from time to time revise, such rules and

regulations as it deems necessary or desirable and shall file the same with the office of the state

secretary; provided, however, that the commission shall establish rules and regulations for

lotteries conducted online, over the internet, through the use of a mobile application or through

any other means that shall, at a minimum:

(i) require age verification measures to be reasonably designed to block access to and prevent sales of lottery tickets, games or shares online, over the internet, through the use of a mobile application or through any other means to persons under the age of 18;

(ii) limit sales of lottery tickets, games or shares online, over the internet, through the use of a mobile application or through any other means to transactions initiated and received, or otherwise made, within the commonwealth;

(iii) allow any player to voluntarily prohibit or otherwise exclude themself from purchasing a lottery ticket, game or share online, over the internet, through the use of a mobile application or through any other means;

(iv) establish maximum limits for account deposits and transactions of lottery tickets, games or shares conducted online, over the internet, through the use of a mobile application or through any other means and allow players to reduce their own deposit or transaction limit at any time;

(v) clarify that any cash deposited in a lottery account belongs solely to the owner of the account and may be withdrawn by the owner at any time;

(vi) require the commission to implement promotional activities to encourage the purchase of lottery tickets, games or shares through licensed sales agents including, but not limited to, the sale of gift certificates as defined in section 1 of chapter 255D for lottery sales through licensed sales agents.

(c) Notwithstanding any general or special law to the contrary, the name, address, transaction history, account balance or other personal or identifying information of an individual who purchases lottery tickets, games or shares online, over the internet, through the use of a mobile application or through any other means shall not be deemed public records of the commission for the purposes of section 10 of chapter 66; provided, however, that this section shall not prohibit the commission from maintaining, using or sharing such information in the course of an investigation by law enforcement or in compliance with sections 28A or 28B.

(d) The commission shall advise and make recommendations to the director regarding the operation and administration of the lottery. The commission shall report monthly to the governor, the attorney general and the general court, the total lottery revenues, prize disbursements and other expenses for the preceding month and shall make an annual independently audited financial report to the same which shall include a full and complete statement of lottery revenues, prize disbursements and other expenses, including such recommendations as it may deem necessary or advisable, which shall be made available electronically to the general public not later than the earliest date established for reports in section 12 of chapter 7A. The commission shall report immediately to the governor and the general court any matters which require immediate changes in the laws of the commonwealth in order to prevent abuses and evasions of the lottery law or rules and regulations promulgated thereunder or to rectify undesirable conditions in connection with the administration or operation of the state lottery.

(e) The commission is authorized to carry on a continuous study and investigation of the lottery throughout the commonwealth in order to: (i) ascertain any defects in the state lottery law or in the rules and regulations issued thereunder whereby any abuse in the administration and operation of the lottery or any evasion of said law or said rules and regulations may arise or be practiced; (ii) formulate recommendations for changes in said law and the rules and regulations promulgated thereunder to prevent such abuses and evasions; and (iii) guard against the use of said law and rules and regulations issued thereunder as a cloak for the carrying on of organized gambling and crime.

(f) The commission shall make a continuous study and investigation of: (i) the operation and administration of similar laws in other states or countries; (ii) any literature on the subject which from time to time may be published or available; (iii) any federal laws which may affect

the operation of the lottery; and (iv) the reaction of citizens of the commonwealth to existing and

potential features of the lottery with a view to recommending or effecting changes that will tend

to better serve and implement the purposes of the state lottery law.

(g)(i) There is hereby established within the commission a lottery advisory board. The lottery advisory board shall be comprised, at minimum, of the following members: the director of the lottery commission, or their designee; a representative from the New England Convenience Stores and Energy Marketers Association, Inc.; a representative from the Retailers Association of Massachusetts, Inc.; a representative from the Massachusetts Restaurants Association, two representatives operating as licensed sales agents in a brick and mortar retail store and appointed by the director of the commission; two representatives appointed by the Massachusetts Municipal Association; a representative from the Massachusetts Council on Gaming and Health; a representative from the Massachusetts Department of Public Health's Office of Problem Gambling Services; and any other representative the commission deems is necessary to advance the goals of the advisory board. All members of the lottery advisory board shall serve at the will of their appointing authority.

(ii) The lottery advisory board shall advise and assist the commission in the development

and implementation of the lottery ecosystem comprised of traditional brick and mortar lotteries,

lotteries conducted online, over the internet and through the use of mobile phone applications.

The board shall review all processing fees associated with point of sale transactions using debit

cards and make recommendation on said processing fees and the implementation of use of debit

cards.

(iii) The lottery advisory board shall meet monthly during their first year of implementation and

thereafter at the discretion of the board, except that the board shall meet at a minimum quarterly after

its first year to advise and assist the commission in lottery modernization and to review actions taken by the commission with respect to online lottery development and implementation and to make advisory recommendations, as necessary. Annually, at the first meeting of the advisory board, members of the advisory board shall elect a chair. A majority of members of the advisory board shall be present for actions to be taken.

(h) The concurrence of the chairman and not less than 2 other members of the

commission shall be required for all official actions of the commission. A copy of the minutes of

each meeting of the commission, including any rules and regulations adopted by the commission

or any amendments thereof, shall be forthwith transmitted, by and under the certification of the

secretary thereof, to the governor.

(i) The commission shall have the power to issue subpoenas to compel the attendance of

witnesses and the production of documents, papers, books, records and other evidence before it

in any matter over which it has jurisdiction, control or supervision. The commission shall have

the power to administer oaths and affirmations to persons whose testimony is required.

SECTION 4B. Section 24A of said chapter 10, as so appearing, is hereby amended by

striking out subsection (a) and inserting in place thereof the following subsection:-

(a) For the purposes of this section, “group agreement'” shall mean any lottery activity in

which the commission participates pursuant to a written agreement between the commission, on

behalf of the commonwealth, and any state, territory, country or other sovereignty. The

commission is hereby authorized to enter into agreements with 1 or more states or other

jurisdictions, hereinafter referred to as a group, for the purpose of creating and maintaining

multi-jurisdictional lottery games, including multi-jurisdictional lottery games to be conducted

online, over the internet, through the use of a mobile application or through any other means;

provided, that any such lottery game to be conducted online, over the internet, through the use of

a mobile application or through any other means has been properly authorized by each state or

other jurisdiction that is part of the group; provided further, that a group agreement shall not

include the state lottery games created pursuant to section 24; provided further, that nothing in

this section and nothing in a group agreement shall authorize the commission to make

expenditures that are not consistent with restrictions on expenditures by the commission

provided for in any other general or special law. The group shall determine the types of lotteries

to be conducted, the prices of tickets or shares, the manner of selecting the winning tickets or

shares, the manner of payment of prizes to the holders of winning tickets or shares and the

frequency of the drawings or selection of winning tickets or shares. The commission may

establish, and from time to time revise, such rules and regulations as it deems necessary or

desirable to carry out the group agreement and shall file the same with the office of the state

secretary.

SECTION 4C. Said chapter 10, as so appearing, is hereby amended by striking out

section 25 and inserting in place thereof the following section:-

Section 25. (a) The apportionment of the total revenues accruing from the sale of lottery

tickets or shares and from all other sources at the point of sale at a licensed agent shall be as follows: (i)

the payment of prizes to the holders of winning tickets or shares which in any case shall be no less

than 45 per cent of the total revenues accruing from the sale of lottery tickets; (ii) the payment of

costs incurred in the operation and administration of the lottery, including the expenses of the

commission and the costs resulting from any contract or contracts entered into for promotional,

advertising or operational services or for the purchase or lease of lottery equipment and materials, that in no case shall exceed 15 per cent of the total revenues accruing from the sale of

lottery tickets, subject to appropriation; and (iii) the balance shall be used to fund budgeted aid to

cities and towns as provided in section 18C of chapter 58, subject to appropriation.

(b) The apportionment of the total revenues accruing from the sale of lotteries conducted

online, over the internet, through the use of a mobile application or through any other means as

authorized by section 24 except for those enumerated in clause (a) of this section shall be as follows: (i) the payment of prizes to the holders of winning tickets or shares; (ii) the payment of costs incurred in the operation and administration of such lotteries, including the expenses of the commission and the costs resulting from any contract or contracts entered into for promotional, advertising or operational services or for the purchase or lease of lottery equipment and materials, that in no case shall exceed 15 per cent of the total revenues accruing from the sale of lottery tickets, subject to appropriation; and (iii) the balance shall be used to fund budgeted aid to cities and towns as provided in section 18C of chapter 58, subject to appropriation; provided that, in any fiscal year where the balance used to fund such budgeted aid exceeds one-hundred-three per cent of budgeted aid apportioned in the previous year the balance

exceeding one-hundred-three per cent shall be deposited in an early education and care fund administered by the department of early education and care established by section 2 of chapter 15D.