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**HOUSE BILL 195**

**45TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2001**

**INTRODUCED BY**

**Daniel P. Silva**

**AN ACT**

**RELATING TO GAMING; EXPANDING THE STATE LOTTERY TO INCLUDE THE  
GAME OF KENO; AMENDING SECTIONS OF THE NMSA 1978; DECLARING AN  
EMERGENCY.**

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:**

**Section 1. Section 6-24-4 NMSA 1978 (being Laws 1995,  
Chapter 155, Section 4) is amended to read:**

**"6-24-4. DEFINITIONS. --As used in the New Mexico Lottery  
Act:**

**A. "authority" means the New Mexico lottery  
authority;**

**B. "board" means the board of directors of the  
authority;**

**C. "chief executive officer" means the chief  
executive officer of the authority appointed by the board**

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1 pursuant to the New Mexico Lottery Act;

2 D. "lottery" means the New Mexico state lottery  
3 established and operated by the authority pursuant to the New  
4 Mexico Lottery Act;

5 E. "lottery contractor" means a person with whom  
6 the authority has contracted for the purpose of providing  
7 goods or services for the lottery;

8 F. "lottery game" means any variation of the  
9 following types of games, but does not include any video  
10 lottery game except keno:

11 (1) an instant win game in which disposable  
12 tickets contain certain preprinted winners that are determined  
13 by rubbing or scraping an area or areas on the tickets to  
14 match numbers, letters, symbols or configurations, or any  
15 combination thereof, as provided by the rules of the game;  
16 provided, an instant-win game may also provide for preliminary  
17 and grand prize drawings conducted pursuant to the rules of  
18 the game; and

19 (2) an on-line lottery game, including keno,  
20 in which a lottery game is hooked up to a central computer via  
21 a telecommunications system through which a player selects a  
22 specified group of numbers or symbols out of a predetermined  
23 range of numbers or symbols and purchases a ticket bearing the  
24 player-selected numbers or symbols for eligibility in a  
25 drawing regularly scheduled in accordance with game rules;

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1           G. "lottery retailer" means a person with whom the  
2 authority has contracted for the purpose of selling tickets in  
3 lottery games to the public;

4           H. "lottery vendor" means any person who submits a  
5 bid, proposal or offer as part of a major procurement contract  
6 and any person who is awarded a major procurement contract;

7           I. "major procurement contract" means a contract  
8 for the procurement of any lottery game product or service  
9 costing in excess of seventy-five thousand dollars (\$75,000),  
10 including [~~but not limited to~~] major advertising contracts,  
11 annuity contracts, prize payment agreements, consulting  
12 services, equipment, tickets and other products and services  
13 unique to the lottery, but not including materials, supplies,  
14 equipment and services common to the ordinary operations of a  
15 corporation;

16           J. "net revenues" means all lottery and nonlottery  
17 revenues received by the authority less payments for lottery  
18 prizes and operating expenses as provided in the New Mexico  
19 Lottery Act; and

20           K. "person" means an individual or any other legal  
21 entity. "

22           Section 2. Section 6-24-21 NMSA 1978 (being Laws 1995,  
23 Chapter 155, Section 21, as amended) is amended to read:

24           "6-24-21. DRAWINGS FOR AND PAYMENT OF PRIZES-- UNCLAIMED  
25 PRIZES-- APPLICABILITY OF TAXATION. --

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1           A. All lottery prize drawings shall be open to the  
2 public. If the prior written approval of the chief executive  
3 officer and the executive vice president for security are  
4 obtained, the selection of winning entries may be performed by  
5 an employee of the lottery. A member of the board shall not  
6 perform the selection of a winning entry. Drawings for a  
7 prize of more than five thousand dollars (\$5,000) shall be  
8 conducted and videotaped by the security division and  
9 witnessed by the internal auditor of the authority or his  
10 designee. Promotional drawings for a prize of less than five  
11 thousand dollars (\$5,000) and drawings for keno games are  
12 exempt from the requirements of this subsection if prior  
13 written approval is given by the chief executive officer and  
14 the executive vice president for security. All lottery  
15 drawing equipment used in public drawings to select winning  
16 numbers or entries or participants for prizes shall be  
17 examined and tested by the chief executive officer's staff and  
18 the internal auditor of the authority or his designee prior to  
19 and after each public drawing. Keno drawing equipment shall  
20 be examined and tested by the chief executive officer's staff  
21 and the internal auditor of the authority or his designee at  
22 those intervals established by rule of the board.

23           B. Any lottery prize is subject to applicable  
24 state taxes. The authority shall report to the state and  
25 federal taxing authorities any lottery prize exceeding six

1 hundred dollars (\$600).

2 C. The authority shall adopt rules, policies and  
3 procedures to conduct fair and equitable drawings and  
4 establish a system of verifying the validity of tickets  
5 claimed to win prizes and to effect payment of such prizes,  
6 provided:

7 (1) no prize shall be paid upon a ticket  
8 purchased or sold in violation of the New Mexico Lottery Act.  
9 Any such prize shall constitute an unclaimed prize for  
10 purposes of this section;

11 (2) the authority is discharged from all  
12 liability upon payment of a prize;

13 (3) the board may by rule provide for the  
14 payment of prizes by lottery retailers, whether or not the  
15 lottery retailer sold the winning ticket, whenever the amount  
16 of the prize is less than an amount set by board rule.

17 Payment shall not be made directly to a player by a machine or  
18 a mechanical or electronic device;

19 (4) prizes not claimed within the time period  
20 established by the authority are forfeited and shall be paid  
21 into the prize fund. No interest is due on a prize when a  
22 claim is delayed;

23 (5) the right to a prize is not assignable,  
24 but prizes may be paid to a deceased winner's estate or to a  
25 person designated by judicial order;

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(6) until a signature or mark is placed on a ticket in the area designated for signature, a ticket is owned by the bearer of the ticket, but after a signature or mark is placed on a ticket in the area designated for signature, a ticket is owned by the person whose signature or mark appears, and that person is entitled to any prize attributable to the owner; and

(7) the authority is not responsible for lost or stolen tickets. "

Section 3. EMERGENCY.--It is necessary for the public peace, health and safety that this act take effect immediately.