

# INITIATIVE PETITION

WE, THE UNDERSIGNED qualified voters of the state of South Dakota, petition that the following proposed law be submitted to the voters of the state of South Dakota at the general election on November 7, 2006, for their approval or rejection pursuant to the Constitution of the State of South Dakota.

The substance of the proposed law is as follows:  
Be it enacted by the People of South Dakota.

Filed this 17th day of February 2006  
Chris Nelson

FEB 17 2006

S.D. SEC. OF STATE

Section 1. Title:

**AN ACT TO REPEAL THE VIDEO LOTTERY.**

Section 2. The effective date of this act is January 1, 2007.

Section 3. That subdivisions (1), (3), (6), (11), (14A), (15), (16), (17), and (18) of SDCL 42-7A-1 be repealed.

Section 4. That subdivision (14) of SDCL 42-7A-1 be amended to read as follows:

(14) "Ticket," any tangible evidence issued or authorized by the South Dakota Lottery to prove participation in an instant, or on-line, ~~or video~~ lottery game;

Section 5. That subdivision (4) of SDCL 42-7A-4 be amended to read as follows:

(4) Contract with and license persons for the sale of lottery tickets ~~and the offering of video lottery games~~ to the public, as provided by this chapter and rules adopted pursuant thereto;

Section 6. That subdivision (6) of SDCL 42-7A-4 be amended to read as follows:

(6) Require lottery retailers and persons licensed pursuant to this chapter to furnish proof of financial stability or furnish surety in an amount based upon the expected volume of sales of lottery tickets ~~or net machine income~~;

Section 7. That subdivision (11A) of SDCL 42-7A-4 be repealed.

Section 8. That SDCL 42-7A-13 be amended to read as follows:

42-7A-13. To be selected as a lottery retailer ~~or video lottery machine operator~~, a natural person acting as a sole proprietor shall:

(1) Be at least eighteen years of age;

(2) Be of good character and reputation in the community;

(3) Have sufficient financial resources to support the activities required to sell lottery tickets ~~or place and service video lottery machines~~; and

(4) Be current in payment of all taxes, interest and penalties owed to the state of South Dakota, excluding items under formal dispute or appeal pursuant to applicable statutes.

A lottery retailer ~~or video lottery machine operator~~ may not be a lottery vendor or an employee or agent of any lottery vendor doing business with the South Dakota Lottery.

Section 9. That SDCL 42-7A-15 be amended to read as follows:

42-7A-15. Partnership is lottery retailer ~~or video machine operator~~. For a partnership to be selected as a lottery retailer ~~or video lottery machine operator~~, the partnership shall meet the requirements of subdivisions (3) and (4) of SDCL 42-7A-13, and each partner thereof shall meet the requirements of subdivisions (1) and

(2) of SDCL 42-7A-13 and subdivisions (1) to (5), inclusive, of SDCL 42-7A-14.

Section 10. That SDCL 42-7A-16 be amended to read as follows:

42-7A-16. Association or corporation as lottery retailer ~~or video lottery machine operator~~. For an association or corporation to be selected as a lottery retailer ~~or video lottery machine operator~~, the association or corporation shall meet the requirements of subdivisions (3) and (4) of SDCL 42-7A-13, and each officer and director and each stockholder who owns ten percent or more of the stock of such association or corporation shall meet the requirements of subdivisions (1) and (2) of SDCL 42-7A-13 and subdivisions (1) to (5), inclusive, of SDCL 42-7A-14.

Section 11. That subdivision (7) of SDCL 42-7A-21 be amended to read as follows:

(7) Additional qualifications for the selection of lottery retailers, ~~video lottery machine manufacturers, distributors, or operators~~ and the amount of application fees to be paid by each;

Section 12. That subdivisions (10), (11), (12), (13), and (15) of SDCL 42-7A-21 be repealed.

Section 13. That SDCL 42-7A-24 be amended to read as follows:

42-7A-24. Net proceeds from the sale of instant lottery tickets shall be transferred to the state general fund on an annual basis after July first each year. The commission shall maximize the net proceeds to the state from the sale of instant and on-line lottery tickets. In no event may yearly lottery expenses for the sale of lottery tickets, excluding expenditures from retained earnings, exceed the amount of combined net proceeds transferred to the state general fund, the state corrections facility construction fund, and the state capital construction fund. ~~Net machine income from video lottery games shall be directly deposited in the state property tax reduction fund upon receipt.~~ Net proceeds are funds in the lottery operating fund which are not needed for the payment of prizes, lottery expenses, and total retained earnings up to one and one-half million dollars cash deemed necessary by the executive director and commission for replacement, maintenance, and upgrade of business systems, product development, legal, and operating contingencies of the lottery.

Beginning in fiscal year 1997 and each year thereafter, the commission shall transfer the one million four hundred thousand dollars from the net proceeds from the sale of on-line ~~video~~ lottery tickets collected pursuant to § 42-7A-24 to the general fund. The commission shall then transfer an amount equal to the remaining net proceeds from the sale of on-line lottery

tickets collected pursuant to § 42-7A-24 to the state capital construction fund created in § 5-27-1.

Section 14. That SDCL 42-7A-36 be amended to read as follows:

42-7A-36. No person may have in ~~his~~ possession, custody, or under ~~his~~ the person's control or permit to be kept in any place under ~~his~~ the person's possession or control, any device that awards credits and contains a circuit, meter or switch capable of removing and recording the removal of credits when the award of credits is dependent upon chance. A violation of this section is a Class 6 felony. All devices described in this section are hereby declared to be public nuisances. ~~The provisions of this section do not apply to devices or electronic video game machines licensed pursuant to this chapter.~~

Section 15. That SDCL 42-7A-37 to SDCL 42-7A-48, inclusive, be repealed.

Section 16. That the following paragraph of SDCL 42-7A-50, be repealed:

~~However, this section may not be construed to make confidential the name of any video lottery operator including, if the video lottery operator is a partnership, the name of any partner and, if the video lottery operator is an association or corporation, the name of any director, any officer, and any stockholder who owns five percent or more of the stock in the association or a parent or subsidiary corporation.~~

Section 17. That SDCL 42-7A-56 be amended to read as follows:

The Legislature hereby finds, and declares to be the public policy of this state that:

(1) The success of the South Dakota Lottery is dependent upon public confidence and trust that it is conducted honestly and free from criminal and corruptive elements;

(2) Public confidence and trust can only be maintained by strict regulation of all persons, locations, practices, associations, and activities related to the sale of lottery products and the operation, ~~manufacturing, and distribution of video lottery games and equipment~~; and

(3) No applicant for a license or other affirmative commission action has any right to a license or to the granting of the approval sought. Any license issued or other commission approval granted pursuant to the provisions of this chapter is a revocable privilege, and no holder acquires any vested interest or property right therein or thereunder.

Section 18. That SDCL 10-58-11, SDCL 35-4-103, SDCL 42-7A-57 and SDCL 42-7A-58 be repealed.

Section 19. That SDCL 42-7A-61 to SDCL 42-7A-65, inclusive, be repealed.

**INSTRUCTIONS TO SIGNERS:**

1. Signers of this petition must individually sign their names in the form in which they are registered to vote or as they usually sign their names.
2. Before the petition is filed, each signer or the circulator must add the residence address of the signer and the date of signing. If the signer is a resident of a second or third class municipality, a post office box may be used for the residence address.
3. Before the petition is filed, each signer or the circulator must print the name of the signer in the space provided and add the county of voter registration.
4. Abbreviations of common usage may be used. Ditto marks may not be used.
5. Failure to provide all information requested may invalidate the signature.

NAME		RESIDENCE	DATE/COUNTY
SIGN 1 PRINT	Daniel K. Brendtro SPONSOR	STREET AND NUMBER OR RURAL ROUTE AND BOX NUMBER 27843-469th AVENUE CITY OR TOWN LENNOX, SD 57039	DATE OF SIGNING 2-16-2006 COUNTY OF REGISTRATION LINCOLN
SIGN 2 PRINT		STREET AND NUMBER OR RURAL ROUTE AND BOX NUMBER CITY OR TOWN	DATE OF SIGNING COUNTY OF REGISTRATION
SIGN 3 PRINT		STREET AND NUMBER OR RURAL ROUTE AND BOX NUMBER CITY OR TOWN	DATE OF SIGNING COUNTY OF REGISTRATION
SIGN 4 PRINT		STREET AND NUMBER OR RURAL ROUTE AND BOX NUMBER CITY OR TOWN	DATE OF SIGNING COUNTY OF REGISTRATION
SIGN 5 PRINT		STREET AND NUMBER OR RURAL ROUTE AND BOX NUMBER CITY OR TOWN	DATE OF SIGNING COUNTY OF REGISTRATION
SIGN 6 PRINT		STREET AND NUMBER OR RURAL ROUTE AND BOX NUMBER CITY OR TOWN	DATE OF SIGNING COUNTY OF REGISTRATION
SIGN 7 PRINT		STREET AND NUMBER OR RURAL ROUTE AND BOX NUMBER CITY OR TOWN	DATE OF SIGNING COUNTY OF REGISTRATION
SIGN 8 PRINT		STREET AND NUMBER OR RURAL ROUTE AND BOX NUMBER CITY OR TOWN	DATE OF SIGNING COUNTY OF REGISTRATION
SIGN 9 PRINT		STREET AND NUMBER OR RURAL ROUTE AND BOX NUMBER CITY OR TOWN	DATE OF SIGNING COUNTY OF REGISTRATION
SIGN 10 PRINT		STREET AND NUMBER OR RURAL ROUTE AND BOX NUMBER CITY OR TOWN	DATE OF SIGNING COUNTY OF REGISTRATION
SIGN 11 PRINT		STREET AND NUMBER OR RURAL ROUTE AND BOX NUMBER CITY OR TOWN	DATE OF SIGNING COUNTY OF REGISTRATION
SIGN 12 PRINT		STREET AND NUMBER OR RURAL ROUTE AND BOX NUMBER CITY OR TOWN	DATE OF SIGNING COUNTY OF REGISTRATION
SIGN 13 PRINT		STREET AND NUMBER OR RURAL ROUTE AND BOX NUMBER CITY OR TOWN	DATE OF SIGNING COUNTY OF REGISTRATION
SIGN 14 PRINT		STREET AND NUMBER OR RURAL ROUTE AND BOX NUMBER CITY OR TOWN	DATE OF SIGNING COUNTY OF REGISTRATION
SIGN 15 PRINT		STREET AND NUMBER OR RURAL ROUTE AND BOX NUMBER CITY OR TOWN	DATE OF SIGNING COUNTY OF REGISTRATION

**VERIFICATION BY PERSON CIRCULATING PETITION**

**INSTRUCTIONS TO CIRCULATOR:** This section **must** be completed following circulation and before filing.

Print name of the circulator \_\_\_\_\_ Residence Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_

I, under oath, state that I circulated the above petition, that each signer personally signed this petition in my presence, and that either the signer or I added the printed name, the residence address of the signer, the date of signing, and the county of voter registration.

Sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_  
(Seal)

\_\_\_\_\_  
Signature of Circulator

\_\_\_\_\_  
Signature of Officer Administering Oath

My Commission Expires \_\_\_\_\_

\_\_\_\_\_  
Title of Officer Administering Oath