Rules of
Department of Revenue
Division 40—State Lottery
Chapter 40—Retail Sales Licenses

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Title 12—DEPARTMENT OF REVENUE
Division 40—State Lottery
Chapter 40—Retail Sales Licenses

12 CSR 40-40.010 Application

PURPOSE: This rule requires persons desiring to be a licensed agent for the sale of lottery tickets to apply for a license as agent on a form provided by the director and may require a fee.

(1) Any person interested in obtaining a license as an agent for the sale of lottery tickets shall first file an application for a lottery sales agent’s license with the commission on application forms provided by the director.

(2) The application form shall provide sufficient information for the director to determine the eligibility for licenses as set forth in the statute and these rules and to perform sufficient background checks to insure that licensees conform to the provisions of these rules. Licensees shall submit fingerprints to the director on his/her request.

(3) The application may be accompanied by a processing fee as may be established by the director on his/her request.


12 CSR 40-40.015 Issuance and Length of Licenses

PURPOSE: This rule provides for licenses of one- (1-) year in length and allows the director to stagger the expiration by issuing longer or shorter licenses.

(1) The lottery shall issue a license to an applicant who qualifies for licensure and the license shall authorize the retailer to conduct the routine sale of tickets only at the location specified on the license.

(2) The license shall be valid until terminated by the lottery as required in 12 CSR 40-40.070, 12 CSR 40-40.110 or 12 CSR 40-40.120, or any combination of these.

(3) The retailer shall provide periodic updates of license information as may be required by the executive director.


12 CSR 40-40.030 Minority and Political Factors

PURPOSE: This rule requires ten percent of the businesses in the City of St. Louis and the City of Kansas City to be minority-owned or controlled. The rule requires the director to license without regard to political affiliation.

(1) The director shall select retail licensees without regard to political affiliation.

(2) The director shall select licensees to insure that ten percent (10%) of the licensees in the City of St. Louis and the City of Kansas City are minority-owned or minority-controlled business enterprises.


12 CSR 40-40.040 License Locations

PURPOSE: This rule requires a separate application and license for each location, the
address of the location be on the license and the location to be fixed.

(1) Licenses shall be issued only for the location specified in the application.

(2) Each person shall submit a separate application for each location at which s/he intends to sell lottery tickets.

(3) Each location for which an application is submitted must be a location as defined and approved by the Missouri Lottery.

(4) The address of the licensed premises shall appear on the license.

12 CSR 40-40.050 Bond/License Fee Requirements

PURPOSE: This rule requires a bond and license fee for each licensee.

Each licensee shall post a bond and license fee in an amount to be determined by the director depending upon the actual or projecteed licensee’s sales and payment history, credit record, or both, for each license obtained.

12 CSR 40-40.070 Assignment or Transfer of License Prohibited

PURPOSE: This rule prohibits the assignment or transfer of licenses.

Licenses for the sale of lottery tickets shall not be assignable or transferable. No licensee shall attempt to assign or transfer the license to another person or to another location.

12 CSR 40-40.071 Change of Business Location

PURPOSE: This rule clarifies when a change of location is allowed and when the change is an assignment or transfer in violation of section 313.255.4., RSMo.

(1) The change of a business address for any retail licensee will not be considered the assignment or transfer of the license if all of the following criteria are met:
   (A) The length of time the business has existed;
   (B) The percent of business that lottery tickets constitute of sales, in both dollar amount and number of items sold;
   (C) The nature of the business, other than lottery game tickets, in which the licensee is engaged; and
   (D) The total volume of sales.

12 CSR 40-40.090 Eligibility for Licenses

PURPOSE: This rule establishes which persons are not eligible for licenses.

(1) No person shall be licensed as a lottery game retailer who—
   (A) Has been convicted of a felony;
(B) Is or has been a professional gambler or gambling promoter;
(C) Has been convicted of bookmaking or any other form of illegal gambling;
(D) Has been convicted of a crime involving fraud or misrepresentation;
(E) Has purchased a federal tax stamp for wagering or gambling activity;
(F) Has been convicted of or pleaded nolo contendere to any illegal gambling activity;
(G) Has had a retail license to sell lottery tickets revoked by the commission;
(H) Is an employee of the commission or a spouse, child, brother, sister or parent of an employee of the commission or a commissioner;
(I) Is under the age of twenty-one (21);
(J) Is a lottery contractor or a lottery vendor or has a direct interest in any lottery contractor or lottery vendor. For purpose of this subsection a direct interest shall mean a ten percent (10%) or greater interest by shares or percentage of partnership in any lottery contractor or vendor; and
(K) Ows any debt to the state of Missouri. For purposes of this subsection, the state of Missouri shall not include any city or county.

(2) Person is defined as any natural person, firm, corporation, or other legal entity possessing a Department of Revenue retail sales license, as provided by law.

(3) For purposes of licensing “person” refers to the principal owner of a sole proprietorship, principal partner(s) of a partnership, manager of the lottery account within a corporation, or limited liability company, and top two (2) officers of a nonprofit organization.


12 CSR 40-40.110 Revocation of Licenses

PURPOSE: This rule establishes when the director shall revoke the licenses of a licensee.

(1) The director shall revoke the license of any person who has—
(A) Knowingly provided false or misleading information to the commission, its employees, members of the Missouri State Highway Patrol while in the course of conducting an investigation on behalf of the commission or members of the staff of the attorney general while in the course of conducting investigations for the commission;
(B) Been convicted of any felony;
(C) Endangered the security and integrity of the lottery and its games.
(D) Sold any ticket or share at a price other than the ticket price of the ticket, or the manager or owner retained the player's winning ticket without paying the prize due the player;
(E) Knowingly selling any ticket to a person under the age of eighteen (18) years old;
(F) The person is ineligible for obtaining a license under 12 CSR 40-40.090 and the facts giving rise to ineligibility occurred or were discovered subsequent to the issuance of the license;
(G) The refusal to acquire any equipment or material required by the director;
(H) The manager or owner purposefully paid the player an amount less than the actual prize amount of the ticket, or the manager or owner retained the player's winning ticket without paying the prize due the player;
(I) Failure or refusal to properly use and/or display any equipment or material required by the director;
(J) The retailer provided false or misleading information to the lottery;
(K) The retailer or any key person is arrested or convicted of a felony while a licensed retailer;
(L) Any other reason contained in the contract or administrative rules that provides a basis for revocation of a retailer contract; and
(M) When the director concludes that continuing to contract with the retailer may pose a threat to the fairness, honesty, integrity, or security of the lottery and its games.

(2) The director may suspend or revoke any number or all of the licenses held by any licensee.


12 CSR 40-40.130 Written Notice of Revocation or Suspension Required

PURPOSE: This rule requires the director to notify licensees in writing of the action s/he intends to take or has taken and the reasons for the action.

The director, on any revocation, suspension or denial of any license, shall inform in writing, the person holding license(s) of the action the director intends to take or has taken and the reason for the action.


12 CSR 40-40.140 Redemption of Prizes Required (Rescinded January 20, 1986)


12 CSR 40-40.150 Change of Information

PURPOSE: This rule requires licensees to notify the director of certain changes in their businesses.

(1) The licensee must notify the director of any of the following changes in his/her business:
(A) Any change of business structure;
(B) Changes of ownership for corporations (sale of ten percent (10%) or more of the equity);
(C) Changes in the officers; and
(D) Changes in the board of directors.

(2) The director shall require additional information when it is necessary to conduct background information on any persons added to the business.

(3) The director may require a payment for any required investigation under this rule.


12 CSR 40-40.160 Prohibitions on Sale of Tickets

PURPOSE: This rule prohibits the sale of lottery tickets to persons under the age of 18 and from a nonlicensed location. It also prohibits revoked, suspended or non-renewed licensees from holding themselves out as a licensee.

(1) No licensee shall—
(A) Sell any lottery ticket to a person under the age of eighteen (18) years;
(B) Sell any lottery ticket from any location or place other than the licensed premises; and
(C) Hold him/herself out as a licensee if his/her license is revoked or suspended.


12 CSR 40-40.170 Sale During Normal Business Hours

PURPOSE: This rule requires licensees to sell tickets during normal business hours.

(1) Licensees shall sell tickets during their business hours for the location licensed.

(2) Retailers must give prompt service to lottery customers present and waiting at the terminal to purchase tickets for draw games. Prompt service includes interrupting processing of draw game ticket orders or sales for which the customer is not present at the terminal.


12 CSR 40-40.190 Marking of Tickets

(Rescinded February 28, 2015)


12 CSR 40-40.200 Political Subdivisions Prohibited from Obtaining Licenses

PURPOSE: This rule prohibits political subdivisions from selling tickets.

(1) No political subdivision shall be licensed to sell lottery tickets.

(2) Nothing in this rule shall prohibit any person, holding a retail sales license to sell on public property, from being licensed to sell lottery tickets.


12 CSR 40-40.210 Loss of License

PURPOSE: This rule provides for obtaining a duplicate license.

Upon the loss, mutilation, or destruction of any license issued by the director, the person holding the license may apply to the director for a duplicate.
PURPOSE: This rule requires licensees and their employees to read the commission’s rules concerning retail licenses and certify that they have read the rules and agree not to violate the rules.

Each licensee and any employee of the licensee who will be involved in the sale, bookkeeping or any other aspect of the state lottery shall read the rules of the commission concerning retail licenses and be familiar with the rules.


12 CSR 40-40.220 Incapacity of Licensee

PURPOSE: This rule provides for suspension of licenses for any licensee who becomes incapacitated in some way. The rule provides for reinstatement on application and the criteria for reinstatement.

(1) In the event any licensee is proven to be incapacitated, dies, is adjudicated bankrupt, makes any assignment for the benefit of creditors, or is placed in any receivership or trusteeship, the director may suspend the license for all locations licensed to the person.

(2) The licensee, his/her agent, executor or trustee shall immediately inform the director of the occurrence of any circumstances set forth in section (1) of this rule. The executor, trustee in bankruptcy, receiver or any other officer or any court taking charge of the assets of any licensee may apply to the director for reinstatement of the license to sell lottery tickets.

(3) If the director is satisfied that the person applying for the reinstatement of the license is qualified under these rules and the director determines that it is in the best interest of both the lottery and the applicant that the license should be reinstated, s/he shall promptly reinstate the license on the terms as s/he, in writing, may set forth.

(4) In no event shall any license reinstated under this section be for a longer period than the time remaining on the original license.


12 CSR 40-40.240 Retail Sales Tax License Required

PURPOSE: This rule requires retail licensees to have either a retail sales tax license, be organized for civic, fraternal, charitable, or labor purposes or be exempted by the director.

(1) All persons licensed to sell lottery tickets at retail shall either—
(A) Have a retail sales tax license issued by the Missouri Department of Revenue, unless exempted by the director;
(B) Be organized for civic, fraternal, charitable, or labor purposes; or
(C) Be a corporation organized under Chapter 355, RSMo and be exempted from this rule under section (2).

(2) The director shall have the discretion to exempt from this rule any corporation organized under Chapter 355, RSMo if the corporation is otherwise qualified under these rules and it is in the best interest of the lottery to license the corporation to sell lottery tickets at retail.


12 CSR 40-40.250 Special Event Licenses

PURPOSE: This rule authorizes special event licenses and sets forth the requirements for the licenses.

(1) The executive director may authorize a limited retail sales license for special events if all of the following are met:
(A) An application for the license is filed by the applicant on forms provided by the executive director;
(B) The applicant provides the following in the application:
   1. The name of the special event;
   2. The dates and times of the special event;
   3. The dates and times for which the license is requested;
   4. The location at the special event where Missouri Lottery tickets will be sold;
   5. A description of the facility for selling Missouri Lottery tickets;
   6. The principal owner of a sole proprietorship, or the principal partner of a partnership, or the manager of the lottery account within a corporation, or the top two (2) officers of a non-profit organization;
(C) The application may be accompanied by a processing fee as may be established by the commission; and
(D) The special event licensee shall be subject to all of the statutes and rules governing the Missouri Lottery except those rules inconsistent with this rule.
The Missouri Lottery Commission has approved guidelines for issuing special licenses to sell Lottery tickets at special events. The rule allows non-profit entities, such as charitable, fraternal, political, civic or labor organizations, to sell Lottery tickets at special events, such as fairs or bazaars, with the support of a licensed Missouri Lottery retailer.

To get a Special Events License, the organization should first find a licensed Missouri Lottery retailer to sponsor the special event. The sponsoring retailer and the non-profit organization must then negotiate an agreement for the special event ticket sales which must outline the manner in which the organization will pay the retailer for the tickets, the division of the commissions, the payment of the prizes during the event and the persons who will be responsible for selling the tickets during the event. The sponsoring retailer is responsible for the payment of the tickets to the Lottery, the distribution of the tickets to the event and the redemption of prizes.

The attached application must be completed by the sponsoring retailer and the non-profit organization. Attach a copy of the agreement between the sponsoring retailer and the non-profit organization and a list of the members of the organization who will be involved in the sale or management of the Lottery tickets to the application. The list must provide the full names, resident addresses, dates of birth and social security numbers of the individuals. Mail the application, agreement and list to the Missouri Lottery, Retail Licensing Section, P. O. Box 1603, Jefferson City, Missouri 65102, for processing. There is no fee to either the non-profit organization or the licensed Lottery retailer for this opportunity.

After the application has been approved, a Special Events License will be issued and delivered to the sponsoring retailer by a Lottery Sales Representative. The Special Events License must be posted at the event during the hours tickets will be sold. Lottery tickets must be sold only from the booth described in the application for the Special Events License.

Please allow 3 weeks for processing. If you would like more information on obtaining a Special Events License, contact the Retail Licensing Section at (314) 751-4050.
MISSOURI LOTTERY
P. O. BOX 1803
JEFFERSON CITY, MISSOURI 65102
(314)751-4050

APPLICATION FOR SPECIAL EVENT LICENSE

PLEASE TYPE OR PRINT IN BLACK INK. PLEASE ALLOW 3 WEEKS FOR PROCESSING
LOTTERY RETAIL STORE NAME ____________________________________ LOTTERY ID NO. ________
NAME OF OWNER/AUTHORIZED AGENT ___________________________________ TELEPHONE ______
ADDRESS __________________________________________________________ CITY __________ STATE ______ ZIP ______
ORGANIZATION NAME ________________________________________________
ADDRESS __________________________________________________________ CITY __________ STATE ______ ZIP ______
ORGANIZATION CONTACT PERSON ______________________________________ TELEPHONE ______

NAME OF SPECIAL EVENT ____________________________________________
LOCATION OF EVENT _________________________________________________ CITY ______ STATE ______ ZIP ______
PURPOSE OF EVENT _________________________________________________

DATE OF EVENT ______________ TIME OF EVENT ________________
(Beginning) (Ending) (Beginning) (Ending)
WILL TICKETS BE SOLD AT ALL TIMES DURING THE EVENT? ________ IF NO, PLEASE SPECIFY THE
DATES AND HOURS TICKETS WILL BE SOLD ____________________________
PLEASE PROVIDE A SHORT DESCRIPTION OF THE LOCATION AND FACILITY WHICH WILL BE USED TO SELL
LOTTERY TICKETS AT THE EVENT AND HOW THIS WILL BE PROMOTED ________________________________

ATTACH A COPY OF THE AGREEMENT BETWEEN THE LICENSEE AND THE ORGANIZATION WHICH DETAILS THE
MANNER IN WHICH THE ORGANIZATION WILL PAY THE RETAILER FOR THE TICKETS, THE DIVISION OF
THE COMMISSION OR DISCOUNT FOR THE SALE OF THE TICKETS AND THE PAYMENT OF PRIZES DURING
THE EVENT.

ATTACH A LIST OF THE MEMBERS OF THE ORGANIZATION WHO WILL BE INVOLVED IN THE MANAGEMENT OR
SALE OF THE TICKETS. GIVE THEIR FULL NAME, DATE OF BIRTH AND SOCIAL SECURITY NUMBER.

SIGNATURE OF LOTTERY RETAIL LICENSEE __________________________
(OWNER OR AUTHORIZED AGENT)

SIGNATURE OF ORGANIZATION __________________________
(PRESIDENT OR AUTHORIZED AGENT)
12 CSR 40-40.260 Retailer Compensation

PURPOSE: This rule authorizes the director to make commission or incentive payments to retailers.

(1) The director may authorize a retailer compensation program.

(2) The director, at any time, may authorize a retailer incentive program. The incentive may be paid to retailers in either cash or its equivalent or merchandise.

(3) To be eligible to receive compensation or participate in the incentive program for the sale of lottery tickets, a retailer must meet the following criteria:
   (A) Be a licensed lottery retailer;
   (B) Have sold lottery game tickets for the duration of the game immediately preceding the game for which the incentive is offered;
   (C) Be current on payment for tickets at time incentive payment is made; and
   (D) Must be in compliance with all aspects of the rules of the commission, and rules of the incentive program for which compensation is offered.

(4) In setting incentives for each participating retailer, the formulas used to determine individual incentives in any lottery games shall be consistent for all retailers who participate.


12 CSR 40-40.270 Ticket Transactions in Excess of $5,000

PURPOSE: This rule alerts the Missouri lottery that a large block of tickets is being purchased.

(1) Missouri lottery retailers shall immediately report to the Missouri Lottery’s director of security transactions in excess of five thousand dollars ($5,000) for the purchase of lottery tickets.
