

---

---

# A BILL FOR AN ACT

RELATING TO LOTTERY.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1 SECTION 1. Chapter 712, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4 "§712- Defense to gambling. It is a defense to a  
5 prosecution for any offense defined in this part that:

6 (a) The person who possessed a lottery ticket for the  
7 person's personal use purchased the ticket while the  
8 person was out of state;

9 (b) The ticket purchase and the lottery for which it was  
10 purchased did not violate the laws of the jurisdiction  
11 in which the ticket was purchased; and

12 (c) The person redeemed any winning ticket in person in  
13 the jurisdiction in which the lottery ticket was  
14 sold."

15 SECTION 2. Section 235-7, Hawaii Revised Statutes, is  
16 amended by amending subsection (b) to read as follows:

17 "(b) There shall be included in gross income, adjusted  
18 gross income, and taxable income: (1) unless excluded by this



1 chapter relating to the uniformed services of the United States,  
 2 cost-of-living allowances and other payments exempted by section  
 3 912 of the Internal Revenue Code, but section 119 of the  
 4 Internal Revenue Code nevertheless shall apply; (2) unless  
 5 expressly exempted or excluded as provided by subsection (a)(6),  
 6 interest on the obligations of a State or a political  
 7 subdivision thereof[-]; and (3) the proceeds of a winning  
 8 lottery ticket purchased in a jurisdiction which sponsors a  
 9 lottery."

10 SECTION 3. Section 712-1229, Hawaii Revised Statutes, is  
 11 repealed.

12 ~~["§712-1229 Lottery offenses, no defense. It is no~~  
 13 ~~defense to a prosecution under any section of this part relating~~  
 14 ~~to a lottery that the lottery itself is drawn or conducted~~  
 15 ~~outside this State and is not in violation of the laws of the~~  
 16 ~~jurisdiction in which it is drawn or conducted."]~~

17 SECTION 4. Statutory material to be repealed is bracketed  
 18 and stricken. New statutory material is underscored.

19 SECTION 5. This Act shall take effect on July 1, 2006.

20

INTRODUCED BY:

*Will Egan*  
*Janice G. Brown*  
*Clara M. Bush*



SB2201

**Report Title:**

Gambling; Lottery Tickets

**Description:**

Legalizes the purchase of a lottery ticket while out-of-state; clarifies that state income taxes apply to proceeds of winning lottery ticket.

