

JAN 25 2006

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# A BILL FOR AN ACT

RELATING TO A LIMITED LOTTERY.

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

1           SECTION 1. The legislature recognizes the need to develop  
2 a stream of revenue to help fund the repair and maintenance of  
3 the State's public schools, as well as to help fund and support  
4 programs relating to mental health and substance abuse.

5           The purpose of this Act is to provide additional moneys for  
6 public purposes by creating a limited lottery.

7           SECTION 2. The Hawaii Revised Statutes is amended by  
8 adding a new chapter in Title 13 to be appropriately designated  
9 and to read as follows:

10                               **"CHAPTER**

11                                       **STATE LIMITED LOTTERY**

12           § -1 **Definitions.** As used in this chapter, unless the  
13 context clearly requires otherwise:

14           "Commission" or "lottery commission" means the five-member  
15 body, appointed by the governor, to oversee the state limited  
16 lottery, to be placed within the department.

17           "Commissioner" means one of the members of the lottery  
18 commission as appointed by the governor.



1 "Department" means the department of business, economic  
2 development, and tourism.

3 "Director" means the director of the state limited lottery.

4 "Lottery" or "limited lottery" means the state limited  
5 lottery established and operated under this chapter.

6 "Lottery game" means any procedure authorized under this  
7 chapter whereby a monetary prize is awarded among persons who  
8 have paid for tickets which provide the opportunity to win such  
9 a monetary prize.

10 "Lottery retailer" means a person with whom the State has  
11 contracted for the purpose of selling tickets in lottery games  
12 to the public.

13 **§ -2 Lottery commission; establishment.** There is  
14 established a lottery commission within the department to  
15 oversee the limited lottery. The lottery commission shall  
16 consist of five members appointed by the governor and confirmed  
17 by the senate. A majority of members shall constitute a quorum  
18 for the transaction of business.

19 **§ -3 Rules and procedures.** (a) The lottery commission,  
20 through the department, shall adopt rules pursuant to chapter 91  
21 to implement this chapter and to govern the procedures relating



1 to the limited lottery. The rules shall include but shall not  
2 be limited to:

- 3 (1) Prohibiting the sale of lottery tickets to persons  
4 under the age of eighteen;
- 5 (2) Prohibiting the participation of any person under the  
6 age of eighteen years in any lottery game;
- 7 (3) Establishing the lottery ticket price to be one dollar  
8 per ticket; and

9 (4) Limiting the sale of lottery tickets to the amount of  
10 one hundred tickets per person per lottery game;

11 (b) The lottery commission shall establish procedures for  
12 the general operation of the limited lottery, including but not  
13 limited to:

- 14 (1) The time length of each lottery game, provided that  
15 the minimum length shall be three months;
- 16 (2) The procedure necessary to enforce the maximum amount  
17 of tickets that may be purchased per person per  
18 lottery game;
- 19 (3) The procedure for the procurement of lottery  
20 retailers, provided that the procedure shall comply  
21 with all state procurement laws;



- 1           (4)   Establishing the type of lottery game which shall
- 2                   constitute the limited lottery;
- 3           (5)   The procedure for which lottery tickets shall be sold
- 4                   by lottery retailers;
- 5           (6)   The procedure for the determination of the winning
- 6                   lottery ticket; and
- 7           (7)   The procedure for the payment of prizes.
- 8           (c)   The commission shall have oversight over the limited
- 9 lottery office and its director.

10           **§   -4   Limited lottery office; established; duties.**   (a)

11 There shall be established a limited lottery office, within the

12 department.

13           (b)   The director shall be appointed by the governor with

14 the consent of the senate.   The director shall:

- 15           (1)   Supervise and administer the operation of the limited
- 16                   lottery program in accordance with the provisions of
- 17                   this chapter and the rules and procedures set out by
- 18                   the lottery commission;
- 19           (2)   Appoint personnel, including a deputy and assistant
- 20                   directors, as necessary to carry out the functions and
- 21                   duties of the director's office;



- 1           (3) Confer with the lottery commission on the operation
- 2                   and administration of the limited lottery; and
- 3           (4) Perform all things necessary to carry out the purpose
- 4                   and provisions of this chapter.

5           **§ -5 State lottery account.** (a) There shall be  
6 created, within the state treasury, a state lottery account.  
7 The account shall be maintained and controlled by the lottery  
8 commission and shall consist of all revenues received from the  
9 sale of lottery tickets and all other moneys credited or  
10 transferred thereto from any other fund or source permitted by  
11 law.

12           (b) The moneys deposited in the state lottery account  
13 shall only be used for:

- 14           (1) The promotion and operation of the limited lottery
- 15                   program;
- 16           (2) The payment of prizes to the holders of winning
- 17                   lottery tickets;
- 18           (3) The operating expenses of the limited lottery office,
- 19                   including the hiring of exempt staff, not to exceed
- 20                   fifteen percent of the gross revenues; and



1           (4) The State Education Facilities Improvement Special  
2                   Fund and the Mental Health and Substance Abuse Special  
3                   Fund.

4 Fifty per cent of any moneys remaining after any payments under  
5 paragraphs (1), (2), and (3) shall be deposited into the state  
6 education facilities improvement special fund and fifty per cent  
7 shall be deposited into the mental health and substance abuse  
8 special fund.

9           **§ -6 Number and value of prizes.** There shall be one  
10 prize for each lottery game. The prize for each lottery game  
11 shall be set at \$2,000,000. The lottery retailer who sells the  
12 winning ticket in a lottery game shall be entitled to payment of  
13 \$100,000.

14           **§ -7 Lottery to be self-supporting.** Except for such  
15 moneys necessary to fund the start-up of the limited lottery,  
16 the limited lottery shall operate as a self-supporting  
17 revenue-raising agency of the State and no appropriations,  
18 loans, or other transfers of state funds shall be made to it.

19           **§ -8 Use of public assistance and electronic benefit**  
20 **transfer cards prohibited.** The use of electronic benefit  
21 transfer cards or any other type of public assistance benefit  
22 for the purchase of lottery tickets is prohibited. As used in



1 this section, "public assistance" shall have the same meaning as  
2 under section 346-1 of the Hawaii Revised Statutes.

3 § -9 Unclaimed prizes. Unclaimed prizes shall be  
4 retained in the state lottery account for the person entitled  
5 thereto for one hundred eighty day after the prize is won. If  
6 no claim is made for the prize within this time, the prize shall  
7 be extinguished and shall become a part of the state general  
8 revenue fund.

9 § -10 Prohibited acts. (a) A person shall not:

- 10 (1) Alter or forge a lottery ticket;
- 11 (2) Claim a lottery prize by means of fraud, deceit,  
12 misrepresentation; or
- 13 (3) Conspire, aid, abet, or agree to aid another person or  
14 to claim a lottery prize by means of fraud, deceit,  
15 misrepresentation, or in violation of any of the rules  
16 created by the lottery commission.

17 (b) Any person who violates this section shall forfeit any  
18 winnings received as a result of the violation.

19 (c) A violation of this section shall be a class C  
20 felony."

21 SECTION 3. There is appropriated out of the general  
22 revenues of the State of Hawaii the sum of \$ , or so



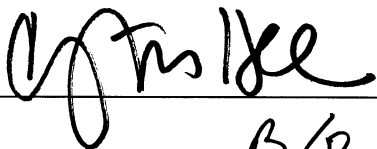
1 much thereof as may be necessary for fiscal year 2006-2007, for  
2 the start-up costs of the limited lottery.

3 The sum appropriated shall be expended by the department of  
4 business, economic development, and tourism for the purposes of  
5 this Act.

6 SECTION 4. This Act shall take effect on July 1, 2006.

7

INTRODUCED BY:

  
B/R

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# SB. NO. 2613

**Report Title:**

Lottery; Limited

**Description:**

Creates a state limited lottery program to fund education and substance abuse treatment programs. Establishes the rules, regulations, and procedures for the state limited lottery.

