
A BILL FOR AN ACT

RELATING TO A STATE SCRATCH CARD GAME.

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

1 SECTION 1. The Hawaii Revised Statutes is amended by
2 adding a new chapter to be appropriately designated and to read
3 as follows:

4 "CHAPTER

5 STATE SCRATCH CARD GAME

6 § -1 Definitions. For the purposes of this chapter,
7 unless the context clearly requires otherwise:

8 "Commission" means the state scratch card game commission
9 established by this chapter.

10 "Director" means the director of the state scratch card
11 game established by this chapter.

12 "Scratch card game" or "state scratch card game" means the
13 scratch card game established and operated pursuant to this
14 chapter.

15 § -2 State scratch card game commission created;
16 membership; terms; vacancies; chair; quorum. (a) There is
17 created the state scratch card game commission to consist of
18 five members appointed by the governor with the consent of the



1 senate, pursuant to section 26-34. The governor shall designate
2 one member of the commission to serve as chairperson at the
3 governor's pleasure. A majority of the members shall constitute
4 a quorum for the transaction of business.

5 (b) Members shall not be compensated but shall be
6 reimbursed for actual costs incurred in carrying out the duties
7 of the commission, including travel expenses.

8 (c) The scratch card game commission shall be attached to
9 the department of commerce and consumer affairs for
10 administrative purposes.

11 § -3 Powers and duties of commission; when legislative
12 approval required. The commission shall have the following
13 powers and duties:

14 (1) Adopt rules in accordance with chapter 91 governing
15 the establishment and operation of a state scratch
16 card game to begin operation of the scratch card game
17 as soon as practicable and to produce the maximum
18 amount of net revenues for the State consonant with
19 the dignity of the State and the general welfare of
20 the people. The rules shall include but shall not be
21 limited to the following that regulate:



- 1 (A) The type of scratch card game to be conducted,
2 which may include the selling of scratch cards;
3 provided that the scratch cards may not be sold
4 over the Internet. The use of electronic or
5 mechanical devices or video terminals that allow
6 for individual play against those devices or
7 terminals shall be prohibited;
- 8 (B) The price, or prices, of scratch cards in each
9 game;
- 10 (C) The numbers and sizes of the prizes on the
11 winning scratch cards;
- 12 (D) The manner and time of payment of prizes to the
13 holder of winning scratch cards which, at the
14 director's option, may be paid in lump sum
15 amounts or by installments over a period of
16 years;
- 17 (E) The frequency of the games;
- 18 (F) Without limit as to number, the type or types of
19 locations at which scratch cards may be sold;
- 20 (G) The method to be used in selling scratch cards,
21 except as limited by subparagraph (A);



- 1 (H) The licensing of agents to sell or distribute
2 scratch cards, except that a person under the age
3 of eighteen shall not be licensed as an agent;
- 4 (I) The manner and amount of compensation, if any, to
5 be paid to licensed sales agents necessary to
6 provide for the adequate availability of scratch
7 cards to prospective buyers and for the
8 convenience of the public;
- 9 (J) The apportionment of the total revenues accruing
10 from the sale of scratch cards and from all other
11 sources among:
- 12 (i) The payment of prizes to the holders of
13 winning scratch cards, which shall not be
14 less than forty-five per cent of the gross
15 annual revenue from the scratch card game;
- 16 (ii) Transfers to the scratch card game
17 administrative account created under section
18 -25; and
- 19 (iii) Transfers to the general fund; and
- 20 (K) Any other matters necessary or desirable for the
21 efficient and economical operation and
22 administration of the scratch card game and for



1 the convenience of the purchasers of scratch
2 cards and the holders of winning scratch cards;

3 (2) Ensure that in each place authorized to sell scratch
4 cards, on the back of the scratch card, and in any
5 advertising or promotion, there shall be conspicuously
6 displayed an estimate of the probability of purchasing
7 a winning scratch card;

8 (3) Adopt, amend, or repeal any rules pursuant to chapter
9 91 from time to time as the commission deems necessary
10 or desirable; and

11 (4) Advise and make recommendations to the director for
12 the operation and administration of the scratch card
13 game.

14 § -4 **New games.** (a) The scratch card game commission
15 shall conduct new games intended to generate additional moneys
16 sufficient to cover the distributions under section -22. No
17 game may be conducted under this section before January 1, 2011.

18 (b) For the purposes of this section, the scratch card
19 game may accept and market prize promotions provided in
20 conjunction with private-sector marketing efforts.

21 § -5 **Director; appointment; salary; duties.** The
22 governor shall appoint the director with the consent of the



1 senate. The director shall serve at the pleasure of the
2 governor and shall receive a salary to be determined by the
3 governor, but in no case may the director's salary be more than
4 ninety per cent of the salary of the governor. The director
5 shall:

6 (1) Supervise and administer the operation of the scratch
7 card game in accordance with this chapter and with the
8 rules of the commission;

9 (2) Without regard to chapters 76 and 89, appoint deputy
10 and assistant directors that may be required to carry
11 out the functions and duties of director;

12 (3) Appoint professional, technical, and clerical
13 assistants and employees that may be necessary to
14 perform the duties imposed by this chapter; provided
15 that chapters 76 and 89, shall not apply to any
16 employees engaged in undercover audit, investigative
17 work, or security operations but shall apply to other
18 employees appointed by the director;

19 (4) In accordance with this chapter and the rules of the
20 commission, license as agents to sell or distribute
21 scratch cards any persons, in the director's opinion,
22 that will best serve the public convenience and



1 promote the sale of scratch cards. The director may
2 require a bond from any licensed agent, in any amount
3 provided in the rules of the commission. Every
4 licensed agent shall prominently display a license, or
5 a copy, as provided in the rules of the commission.
6 License fees may be established by the commission,
7 and, if established, shall be deposited in the state
8 scratch card game account created under section
9 -21;

10 (5) Confer regularly as necessary or desirable with the
11 commission on the operation and administration of the
12 scratch card game; upon request, make available for
13 inspection by the commission all books, records,
14 files, and other information and documents of the
15 scratch card game; and advise the commission and
16 recommend on any matters that the director deems
17 necessary and advisable to improve the operation and
18 administration of the scratch card game;

19 (6) Enter into contracts for the operation of the scratch
20 card game, or any part thereof, and for the promotion
21 of the scratch card game. No contract awarded or
22 entered into by the director may be assigned by the



1 holder except by specific approval of the commission;
2 provided that nothing in this chapter shall authorize
3 the director to enter into public contracts for the
4 regular and permanent administration of the scratch
5 card game after the initial development and
6 implementation;

7 (7) Certify quarterly to the director of finance and the
8 commission a full and complete statement of scratch
9 card game revenues, prize disbursements, and other
10 expenses for the preceding quarter;

11 (8) Carry on a continuous study and investigation of the
12 scratch card game throughout the State to:

13 (A) Discover any defects in this chapter or rules
14 adopted under this chapter that may give rise to
15 any abuse in the administration and operation of
16 the scratch card game or any evasion of this
17 chapter or rules;

18 (B) Formulate recommendations for changes in this
19 chapter and rules adopted under this chapter to
20 prevent abuses and evasions;



1 (C) Guard against the use of this chapter and rules
2 adopted under this chapter to hide the carrying
3 on of professional gambling and crime; and

4 (D) Ensure that this chapter and rules adopted under
5 this chapter are administered to serve the true
6 purposes of this chapter;

7 (9) Carry on continuous study and investigation of:

8 (A) The operation and the administration of similar
9 laws in other states or countries;

10 (B) The operation of an additional game or games for
11 the benefit of a particular program or purpose;

12 (C) Any literature on the subject that may be
13 published or available;

14 (D) Any federal laws that may affect the operation of
15 the scratch card game; and

16 (E) The reaction of the residents of this State to
17 existing and potential features of the scratch
18 card game with a view to recommending changes
19 that will tend to serve the purposes of this
20 chapter;

21 (10) Have all enforcement powers necessary to implement
22 this chapter; and



1 (11) Perform all other actions necessary to carry out the
2 purposes of this chapter.

3 § -6 Licenses for scratch card game sales agents;
4 factors; person defined. (a) No license as an agent to sell
5 scratch cards may be issued to any person to engage in business
6 exclusively as a scratch card game sales agent. Before issuing
7 a license, the director shall consider the following factors:

8 (1) Financial responsibility and security of the person
9 and the person's business or activity;

10 (2) Accessibility of the person's place of business or
11 activity to the public;

12 (3) Sufficiency of existing licenses to serve the public
13 convenience; and

14 (4) Volume of expected sales.

15 (b) For purposes of this section, the term "person":

16 (1) Means an individual, association, corporation, club,
17 trust, estate, society, company, joint stock company,
18 receiver, trustee, assignee, referee, or any other
19 person acting in a fiduciary or representative
20 capacity, whether appointed by a court or otherwise,
21 and any combination of individuals; and



1 (2) Does not mean any department, commission, agency, or
2 instrumentality of the State, or any county or agency
3 or instrumentality thereof.

4 § -7 License as authority to act. Any person licensed
5 pursuant to this chapter is authorized to act as a scratch card
6 game sales agent.

7 § -8 Denial, suspension, and revocation of licenses.

8 (a) The director may deny an application or suspend or revoke,
9 after notice and hearing, any license issued pursuant to this
10 chapter. A license may be temporarily suspended by the director
11 without prior notice, pending any prosecution, investigation, or
12 hearing. A license may be suspended or revoked or an
13 application may be denied by the director for one or more of the
14 following reasons:

15 (1) Failure to:

16 (A) Account for scratch cards received or the
17 proceeds of the sale of scratch cards;

18 (B) File a bond if required by the director;

19 (C) File any return or report or to keep records or
20 to pay any tax required by this chapter; or

21 (D) Comply with the instructions of the director
22 concerning the licensed activity;



1 (2) For a violation of this chapter or the rules of the
2 commission;

3 (3) Fraud, deceit, misrepresentation, or conduct
4 prejudicial to public confidence in the state scratch
5 card game;

6 (4) The number of scratch cards sold by the scratch card
7 game sales agent is insufficient to meet
8 administrative costs or the public convenience is
9 adequately served by other licensees; and

10 (5) A material change, after issuance of the license, with
11 respect to any matters required to be considered by
12 the director under section -6.

13 (b) For the purpose of reviewing any application for a
14 license and for considering the denial, suspension, or
15 revocation of any license, the director may consider any prior
16 criminal conduct of the applicant or licensee.

17 § -9 Assignments. (a) Regarding assignments:

18 (1) Except under paragraph (2), no right of any person to
19 a prize won is assignable, except that payment of any
20 prize won may be paid to the estate of a deceased
21 prize winner, and except that any person pursuant to



1 an appropriate judicial order may be paid the prize to
2 which the winner is entitled;

3 (2) Regarding voluntary assignment:

4 (A) The payment of all or part of the remainder of an
5 annuity may be assigned to another person,
6 pursuant to a voluntary assignment of the right
7 to receive future annual prize payments, if:

8 (i) The winner is a resident of the State; and

9 (ii) The assignment is made pursuant to an
10 appropriate judicial order of the district
11 court of the district in which the prize
12 winner resides.

13 If the prize winner is not a resident of the
14 State, the winner must seek an appropriate order
15 from the first circuit court;

16 (B) If there is a voluntary assignment under
17 subparagraph (A), a copy of the petition for an
18 order under subparagraph (A) and all notices of
19 any hearing in the matter shall be served on the
20 attorney general no later than ten days before
21 any hearing or entry of any order;



1 (C) The court receiving the petition may issue an
2 order approving the assignment and directing the
3 director to pay to the assignee the remainder or
4 portion of an annuity so assigned upon finding
5 that all of the following conditions have been
6 met:

7 (i) The assignment has been memorialized in
8 writing and executed by the assignor and is
9 subject to state law;

10 (ii) The assignor provides a sworn declaration to
11 the court attesting to the facts that the
12 assignor has had the opportunity to be
13 represented by independent legal counsel in
14 connection with the assignment, has received
15 independent financial and tax advice
16 concerning the effects of the assignment,
17 and is of sound mind and not acting under
18 duress, and the court makes findings
19 determining so;

20 (iii) The assignee has provided a one-page written
21 disclosure statement that sets forth in
22 bold-face type, fourteen point or larger,



1 the payments being assigned by amount and
2 payment dates, the purchase price, or loan
3 amount being paid; the interest rate or rate
4 of discount to present value, assuming
5 monthly compounding and funding on the
6 contract date; and the amount, if any, of
7 any origination or closing fees that will be
8 charged to the scratch card game winner.

9 The disclosure statement shall also advise
10 the winner that the winner should consult
11 with and rely upon the advice of independent
12 legal or financial advisors regarding the
13 potential federal and state tax consequences
14 of the transaction; and

15 (iv) The proposed assignment does not and will
16 not include or cover payments or portions of
17 payments subject to set-offs pursuant to
18 section -24 unless appropriate provision
19 is made in the order to satisfy the
20 obligations giving rise to the set-off; and



- 1 (D) The commission may intervene as of right in any
2 proceeding under this section but shall not be
3 deemed an indispensable or necessary party;
- 4 (3) The director shall not pay the assignee an amount in
5 excess of the annual payment entitled to the assignor;
- 6 (4) The commission may adopt rules pertaining to the
7 assignment of prizes under this section, including
8 recovery of actual costs incurred by the commission.
9 The recovery of actual costs shall be deducted from
10 the initial annuity payment made to the assignee;
- 11 (5) No voluntary assignment under this section shall be
12 effective unless and until the Internal Revenue
13 Service provides a ruling that declares that the
14 voluntary assignment of prizes will not affect the
15 federal income tax treatment of prize winners who do
16 not assign their prizes. If at any time the Internal
17 Revenue Service or a court of competent jurisdiction
18 provides a determination letter, revenue ruling, other
19 public ruling of the Internal Revenue Service or
20 published decision to any state scratch card game or
21 state scratch card game prize winner declaring that
22 the voluntary assignment of prizes will affect the



1 federal income tax treatment of prize winners who do
2 not assign their prizes, the director shall
3 immediately file a copy of that letter, ruling, or
4 published decision with the governor. No further
5 voluntary assignments may be allowed after the date
6 the ruling, letter, or published decision is filed;

7 (6) The occurrence of any event described in paragraph (5)
8 does not render invalid or ineffective assignments
9 validly made and approved pursuant to an appropriate
10 judicial order before the occurrence of any such
11 event; and

12 (7) The commission and the director shall be discharged of
13 all further liability upon payment of a prize pursuant
14 to this section.

15 § -10 Maximum price of scratch card limited; sale by
16 other than licensed agent prohibited. A person shall not sell a
17 scratch card at a price greater than that fixed by rule of the
18 commission. No person other than a licensed scratch card game
19 sales agent shall sell scratch cards, except that nothing in
20 this section prevents any person from giving scratch cards to
21 another as a gift.



1 § -11 Sale to minor prohibited; exception; penalties.

2 (a) A scratch card shall not be sold to any person under the
3 age of eighteen; provided that this shall not be deemed to
4 prohibit the purchase of a scratch card for the purpose of
5 making a gift by a person eighteen years of age or older to a
6 person younger than the age of eighteen.

7 (b) Any licensee who knowingly sells or offers to sell a
8 scratch card to any person under the age of eighteen shall be
9 guilty of a misdemeanor.

10 (c) A person under the age of eighteen who directly
11 purchases a scratch card in violation of this section shall be
12 guilty of a misdemeanor. No prize shall be paid to that person
13 and the prize money otherwise payable on the scratch card shall
14 be treated as unclaimed pursuant to section -17.

15 § -12 Prohibited acts; penalty. (a) A person shall not
16 alter or forge a scratch card. A person shall not claim a
17 scratch card game prize or share of a scratch card game prize by
18 means of fraud, deceit, or misrepresentation. A person shall
19 not conspire, aid, abet, or agree to aid another person or
20 persons to claim a scratch card game prize or share of a scratch
21 card game prize by means of fraud, deceit, or misrepresentation.

22 (b) A violation of this section shall be a class B felony.



1 § -13 Penalty for unlicensed activity. (a) Any person
2 who conducts any activity for which a license is required by
3 this chapter or by rule of the commission, without the required
4 license, shall be guilty of a class B felony.

5 (b) Any corporation who conducts any activity for which a
6 license is required by this chapter or by rule of the
7 commission, without the required license, may be punished by
8 forfeiture of its corporate charter, in addition to the other
9 penalties set forth in this section.

10 § -14 Penalty for false or misleading statement or entry
11 or failure to produce documents. Any person, in any application
12 for a license or in any book or record required to be maintained
13 or in any report required to be submitted, who makes any false
14 or misleading statement, or makes any false or misleading entry
15 or wilfully fails to maintain or make any entry required to be
16 maintained or made, or who wilfully refuses to produce for
17 inspection any book, record, or document required to be
18 maintained or made by federal or state law shall be guilty of a
19 misdemeanor and, notwithstanding section 706-640, shall be
20 subject to a fine of not less than \$ but not more
21 than \$



1 § -15 Penalty for violation of chapter; exceptions. Any
2 person who commits a violation of this chapter, or any rule
3 adopted pursuant to it, for which no penalty is otherwise
4 provided, or knowingly causes, aids, abets, or conspires with
5 another to cause any person to violate this chapter or the rules
6 adopted pursuant to it, shall be guilty of a class C felony.

7 § -16 Persons prohibited from purchasing scratch cards
8 or receiving prizes; penalty. A scratch card shall not be
9 purchased by, and a prize shall not be paid to any member of the
10 commission, the director, or an employee of the scratch card
11 game or to any spouse, child, brother, sister, or parent
12 residing as a member of the same household in the principal
13 place of abode of any member of the commission, the director, or
14 an employee of the scratch card game. A violation of this
15 section is a misdemeanor.

16 § -17 Unclaimed prizes. Unclaimed prizes shall be
17 retained in the state scratch card game account for the person
18 entitled thereto for one hundred eighty days after the official
19 end of the game. If no claim is made for the prize within this
20 time, all rights to the prize shall be extinguished, and the
21 prize shall be retained in the state scratch card game fund for



1 further use as prizes, except that one-third of all unclaimed
2 prize money shall be deposited in the state general fund.

3 § -18 Deposit of moneys received by agents from sales;
4 power of director; reports. The director, in the director's
5 discretion, may require any or all scratch card game sales
6 agents to deposit to the credit of the state scratch card game
7 account in banks designated by the director of finance, all
8 moneys received by those agents from the sale of scratch cards,
9 less the amount, if any, retained as compensation for the sale
10 of the scratch cards, and to file with the director reports of
11 their receipts and transactions in the sale of scratch cards in
12 a form and containing the information as the director may
13 require. The director may make any arrangements for any person,
14 including a bank, to perform any functions, activities, or
15 services in connection with the operation of the scratch card
16 game as the director may deem advisable pursuant to this chapter
17 and the rules of the commission, and the functions, activities,
18 or services shall constitute lawful functions, activities, and
19 services of that person.

20 § -19 Other law inapplicable to sale of scratch cards.
21 No other law providing any penalty for the sale of scratch cards
22 or any acts done in connection with a scratch card game shall



1 apply to the sale of scratch cards performed pursuant to this
2 chapter.

3 § -20 Payment of prizes to minor. If the person
4 entitled to a prize is under the age of eighteen and the prize
5 is less than \$5,000, the director may pay the prize to an adult
6 member of the minor's family or a guardian of the minor by a
7 check or draft payable to the order of the minor. However, if
8 the prize is \$5,000 or more, the director shall pay the minor by
9 depositing the amount of the prize in any bank to the credit of
10 an adult member of the minor's family or a guardian of the minor
11 as custodian for the minor. The commission and the director
12 shall be discharged of all further liability upon payment of a
13 prize to a minor pursuant to this section.

14 § -21 State scratch card game account created. There is
15 hereby created and established a separate account outside the
16 state treasury, to be known as the state scratch card game
17 account. The account shall be managed, maintained, and
18 controlled by the commission and shall consist of all revenues
19 received from the sale of scratch cards, and all other moneys
20 credited or transferred thereto from any other fund or source
21 pursuant to law. No appropriation shall be required to permit
22 expenditures and payment of obligations from the account.



1 § -22 Use of moneys in state scratch card game account
2 limited. The moneys in the state scratch card game account
3 shall be used only for:

- 4 (1) The payment of prizes to the holders of winning
5 scratch cards;
- 6 (2) Depositing per cent of all revenues received
7 from the sale of scratch cards, and all other moneys
8 credited or transferred thereto from any other fund or
9 source pursuant to law into the scratch card game
10 administrative account created under section -25;
- 11 (3) Depositing per cent of all revenues received
12 from the sale of scratch cards, and all other moneys
13 credited or transferred thereto from any other fund or
14 source pursuant to law into the education fund created
15 in section 302A- ;
- 16 (4) The purchase and promotion of scratch cards and game-
17 related services; and
- 18 (5) The payment of agent compensation.

19 § -23 Methods for payment of prizes by installments. If
20 the director decides to pay any prize by installments over a
21 period of years, the director shall select, for any specific
22 scratch card game, only one of the following methods:



1 (1) The director may enter into a contract with any
2 financially responsible person or firm providing for
3 the payment of the installments; or

4 (2) The director may establish and maintain a reserve
5 account into which shall be placed sufficient moneys
6 for the director to pay the installments as they
7 become due. The reserve account shall be maintained
8 as a separate and independent account outside the
9 state treasury.

10 § -24 Debts owed to state agency or counties; debt
11 information to scratch card game commission; prize set-off
12 against debts. (a) Any state agency or county that maintains
13 records of debts owed to the State or a county, or that the
14 State is authorized to enforce or collect, may submit debt
15 information to the director in a format specified by the
16 director. State agencies or counties submitting debt
17 information shall provide updates on a regular basis at
18 intervals not to exceed one month and shall be solely
19 responsible for the accuracy of the information.

20 (b) The director shall include the debt information
21 submitted by state agencies or counties in its validation and
22 prize payment process. The director shall delay payment of a



1 prize exceeding \$600 for a period not to exceed two working
2 days, to any person owing a debt to a state agency or county
3 pursuant to the information submitted in subsection (a). The
4 scratch card game shall contact the state agency or county
5 providing the debt information to verify the debt. The prize
6 shall be paid to the claimant if the debt is not verified by the
7 submitting state agency or county within two working days. If
8 the debt is verified, the prize shall be disbursed pursuant to
9 subsection (c).

10 (c) Prior to disbursement, any scratch card game prize
11 exceeding \$600 shall be set off against any debts owed by the
12 prize winner to a state agency or county, or that the State is
13 authorized to enforce or collect.

14 § -25 Scratch card game administrative account created.

15 There is hereby created the scratch card game administrative
16 account in the state treasury. The account shall be managed,
17 controlled, and maintained by the director. Moneys in the
18 account shall be used to cover administrative expenses incurred
19 in the operation and administration of the lottery.

20 § -26 Audits. The auditor shall conduct an annual audit
21 of all accounts and transactions of the scratch card game and



1 any other special audits that the auditor may be directed to
2 conduct.

3 § -27 Investigations by attorney general authorized.

4 The attorney general may investigate violations of this chapter
5 and of the criminal laws within this State by the commission,
6 the director, or the director's employees, licensees, or agents.

7 § -28 Management review by director of finance. The
8 director of finance may conduct a management review of the
9 commission's scratch card game operations to ensure that:

- 10 (1) The manner and timeliness of prize payments are
11 consistent with this chapter and the rules adopted
12 under this chapter;
- 13 (2) The apportionment of total revenues accruing from the
14 sale of scratch cards and from all other sources is
15 consistent with this chapter;
- 16 (3) The manner and type of scratch card game being
17 conducted and incidental expenses are the most
18 efficient and cost-effective; and
- 19 (4) The commission is not incurring unnecessary operating
20 and administrative costs.

21 In conducting a management review, the director of finance
22 may inspect the books, documents, and records of the commission.



1 Upon completion of a management review, all irregularities shall
2 be reported to the attorney general, the legislature, and the
3 state auditor. The director of finance shall make any
4 recommendations that may be necessary for the most efficient and
5 cost-effective operation of the scratch card game.

6 § -29 Verification by certified public accountant. The
7 director of finance shall select a certified public accountant
8 to verify that:

- 9 (1) The manner of selecting the winning scratch cards is
10 consistent with this chapter; and
11 (2) The manner and timeliness of prize payments are
12 consistent with this chapter. The cost of these
13 services shall be paid from the scratch card game
14 administrative account.

15 § -30 Enforcement powers of director. The director, the
16 deputy director, assistant directors, and each of the director's
17 investigators, enforcement officers, and inspectors shall have
18 the power, including the power to apply for and execute all
19 warrants and service of process issued by the courts, and to
20 arrest, without a warrant, any person or persons found in
21 violation of any of the criminal provisions of this chapter, to
22 enforce this chapter and the criminal laws of this State



1 relating to the conduct of or participation in scratch card game
2 activities and the manufacturing, importation, transportation,
3 distribution, possession, and sale of equipment or paraphernalia
4 used or for use in connection with the scratch card game. To
5 the extent set forth in this section, the director shall have
6 the power to investigate violations of and to enforce this
7 chapter and to obtain information from and provide information
8 to all other law enforcement agencies.

9 § -31 Construction. This chapter shall be liberally
10 construed to carry out the purposes and policies of this
11 chapter."

12 SECTION 2. Chapter 302A, Hawaii Revised Statutes, is
13 amended by adding a new section to be appropriately designated
14 ^and to read as follows:

15 "§302A- Education fund. The education fund is created
16 within the state treasury to be administered by the department.
17 The fund may receive deposits from the state scratch card game
18 account created under section -21. Moneys may be
19 appropriated from the education fund for any educational purpose
20 upon approval by a two-thirds vote of each house of the
21 legislature."



1 SECTION 3. Section 712-1220, Hawaii Revised Statutes, is
2 amended by amending the definition of "gambling" to read:

3 "(4) "Gambling". A person engages in gambling if [he] the
4 person stakes or risks something of value upon the outcome of a
5 contest of chance or a future contingent event not under [his]
6 the person's control or influence, upon an agreement or
7 understanding that [he] the person or someone else will receive
8 something of value in the event of a certain outcome. Gambling
9 does not include [bona]:

10 (a) Bona fide business transactions valid under the law of
11 contracts~~[,]~~ including but not limited to contracts
12 for the purchase or sale at a future date of
13 securities or commodities~~[, and agreements]~~;

14 (b) Agreements to compensate for loss caused by the
15 happening of chance~~[,]~~ including but not limited to
16 contracts of indemnity or guaranty and life, health,
17 or accident insurance~~[,]~~; or

18 (c) The state scratch card game as established by
19 chapter ."

20 SECTION 4. If any provision of this Act, or the
21 application thereof to any person or circumstance is held
22 invalid, the invalidity does not affect other provisions or



1 applications of the Act, which can be given effect without the
2 invalid provision or application, and to this end the provisions
3 of this Act are severable.

4 SECTION 5. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 6. This Act shall take effect upon its approval.

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INTRODUCED BY: Clarence A. Neuhuber
By Request



Report Title:

State Scratch Card Game

Description:

Creates state scratch card game, state scratch card game commission, and state scratch card game account. Deposits certain amounts of scratch care game revenues into the scratch card game administrative account administered by the commission and into the education fund administered by the department of education.

