



1 this State and appointed by the governor pursuant to section 26-  
2 34. No more than three members may be from the same political  
3 party. The commission members shall annually elect one of the  
4 members to serve as chairperson of the commission.

5 (b) At least one member of the commission shall have a  
6 minimum of five years' experience in law enforcement.

7 (c) At least one member of the commission shall have a  
8 minimum of five years' experience as a certified public  
9 accountant.

10 (d) At least one member of the commission shall have a  
11 minimum of five years' experience in marketing or advertising,  
12 or both.

13 (e) At least one member of the commission shall have a  
14 minimum of five years' experience in convenience store,  
15 minimart, or grocery retailing.

16 (f) The members of the lottery commission shall serve  
17 without compensation but shall be reimbursed for expenses,  
18 including travel expenses, necessary for the performance of  
19 their duties.

20 (g) No commission member may have a pecuniary interest in  
21 any contract or agreement to which the commission is a party.



1 (h) No action of the commission is binding unless taken at  
2 a meeting with at least three members present voting in favor of  
3 the action in question.

4 § -3 **Executive director; appointment.** (a) The governor  
5 shall appoint an executive director who shall be a person  
6 qualified by training and experience to administer the state  
7 lottery.

8 (b) Effective July 1, 2012, the executive director of the  
9 commission shall be paid a salary set at eighty-seven per cent  
10 of the salary of the director of human resources development.  
11 The director shall be exempt from chapters 76 and 89 but shall  
12 be a member of the state employees retirement system and shall  
13 be eligible to receive benefits of any state or federal employee  
14 benefit program generally applicable to officers and employees  
15 of the State, including those under chapter 87A.

16 (c) The director shall devote the director's entire time  
17 and attention to the administration of the state lottery and  
18 shall not be engaged in any other profession or occupation.

19 (d) The executive director may employ persons not subject  
20 to chapters 76 and 78 to perform and execute the functions of  
21 the commission.



1           **§ -4 Commission; director; powers and duties;**

2 **definitions.** (a) The commission shall meet with the director  
3 not less than once each quarter to make recommendations and set  
4 policy, receive reports from the director, and transact other  
5 business properly brought before the commission.

6           (b) The commission shall oversee a state lottery to  
7 produce the maximum amount of net revenue consonant with the  
8 dignity of the State. To achieve these ends, the commission  
9 shall authorize the director to adopt rules in accordance with  
10 chapter 91. Rules adopted by the director may include  
11 provisions relating to the following:

12           (1) Subject to the approval of the commission, the types  
13               of lottery games and the types of game play-styles to  
14               be conducted;

15           (2) The method of selecting the winning tickets or shares  
16               for noncomputerized online games, provided that no  
17               method may be used that, in whole or in part, depends  
18               on the results of a dog race, a horse race, or any  
19               sporting event;

20           (3) The manner of payment of prizes to the holders of  
21               winning tickets or shares, including providing for  
22               payment by the purchase of annuities in the case of



1 prizes payable in installments, provided that the  
2 commission staff shall examine claims and may not pay  
3 any prize based on altered, stolen, or counterfeit  
4 tickets or based on any tickets that fail to meet  
5 established validation requirements, including rules  
6 stated on the ticket or in the published game rules,  
7 and confidential validation tests applied consistently  
8 by the commission staff. No particular prize in a  
9 lottery game may be paid more than once, and in the  
10 event of a binding determination that more than one  
11 person is entitled to a particular prize, the sole  
12 remedy of the claimants is the award to each of them  
13 of an equal portion of the single prize;

14 (4) The method to be used in selling tickets or shares,  
15 provided that no elected official's name may be  
16 printed on the tickets or shares. The overall  
17 estimated odds of winning some prize or some cash  
18 prize, as appropriate, in a given game shall be  
19 printed on each ticket or share;

20 (5) The licensing of agents to sell tickets or shares,  
21 provided that a person who is under eighteen years of  
22 age shall not be licensed as an agent;



1           (6) The manner and amount of compensation to be paid  
2           licensed sales agents necessary to provide for the  
3           adequate availability of tickets or shares to  
4           prospective buyers and for the convenience of the  
5           public, including provision for variable compensation  
6           based on sales volume; and

7           (7) Matters necessary or desirable for the efficient and  
8           economical operation and administration of the lottery  
9           and for the convenience of the purchasers of tickets  
10          or shares and the holders of winning tickets or  
11          shares.

12          (c) The commission shall authorize the director to issue  
13          orders and shall approve orders issued by the director for the  
14          necessary operation of the lottery. Orders issued under this  
15          subsection may include provisions relating to the following:

- 16           (1) The prices of tickets or shares in lottery games;  
17           (2) The themes, game play-styles, and names of lottery  
18           games and definitions of symbols and other characters  
19           used in lottery games, provided that each ticket or  
20           share in a lottery game shall bear a unique  
21           distinguishable serial number;



- 1           (3) The sale of tickets or shares at a discount for  
2           promotional purposes;
- 3           (4) The prize structure of lottery games, including the  
4           number and size of prizes available. Available prizes  
5           may include free tickets in lottery games and  
6           merchandise prizes;
- 7           (5) The frequency of drawings, if any, or other selections  
8           of winning tickets or shares, provided that:
- 9           (A) All drawings shall be open to the public;
- 10          (B) The actual selection of winning tickets or shares  
11          may not be performed by an employee or member of  
12          the commission; and
- 13          (C) Noncomputerized online game drawings shall be  
14          witnessed by an independent observer;
- 15          (6) Requirements for eligibility for participation in  
16          grand drawings or other runoff drawings, including  
17          requirements for the submission of evidence of  
18          eligibility within a shorter period than that provided  
19          for claims by section       -21; and
- 20          (7) Incentive and bonus programs designed to increase  
21          sales of lottery tickets or shares and to produce the  
22          maximum amount of net revenue for the State.



1           (d) Notwithstanding chapter 91 and subsection (b), the  
2 director, subject to the approval of the commission, may  
3 establish a policy, procedure, or practice that relates to an  
4 existing online game or a new online game that is the same type  
5 and has the same type of game play-style as an online game  
6 currently being conducted by the lottery or may modify an  
7 existing rule for an existing online game or a new online game  
8 that is the same type and has the same type of game play-style  
9 as an online game currently being conducted by the lottery,  
10 including establishing or modifying the matrix for an online  
11 game by giving notice of the establishment or modification at  
12 least thirty days before the effective date of the establishment  
13 or modification.

14           (e) The commission shall maintain and make the following  
15 information available for public inspection at its offices  
16 during regular business hours:

17           (1) A detailed listing of the estimated number of prizes  
18               of each particular denomination expected to be awarded  
19               in any instant game currently on sale;

20           (2) After the end of the claim period prescribed by  
21               section     -21, a listing of the total number of  
22               tickets or shares sold and the number of prizes of





1           each particular denomination awarded in each lottery  
2           game; and

3           (3) Definitions of all play symbols and other characters  
4           used in each lottery game and instructions on how to  
5           play and how to win each lottery game.

6           (f) Any information that is maintained by the commission  
7           and that would assist a person in locating or identifying a  
8           winning ticket or share or that would otherwise compromise the  
9           integrity of any lottery game shall be deemed confidential and  
10          shall not be subject to public inspection.

11          (g) The commission, in addition to other games authorized  
12          by this chapter, shall establish two special games for each year  
13          to be conducted concurrently with other lottery games authorized  
14          under subsection (b). The moneys for prizes, for operating  
15          expenses, and for payment to the department of education, as  
16          provided in section     -25(b), shall be accounted for separately  
17          as nearly as practicable in the lottery commission's general  
18          accounting system. The moneys shall be derived from the  
19          revenues of the special games, and moneys for prizes shall not  
20          be expended from the lottery commission's annual appropriation  
21          as otherwise provided for in section     -5(d) and



1 section -25. Moneys saved from the revenues of the special  
2 games, by reason of operating efficiencies, shall become other  
3 revenue of the lottery commission and revert to the state  
4 general fund.

5 (h) The commission, in addition to other games authorized  
6 by this chapter, may establish multistate lottery games with the  
7 lottery commissions of other states to be conducted concurrently  
8 with other lottery games authorized under subsections (b) and  
9 (g). The moneys for prizes, for operating expenses, and for  
10 payment to the state general fund shall be accounted for  
11 separately as nearly as practicable in the lottery commission's  
12 general accounting system. The moneys shall be derived from the  
13 revenues of multistate lottery games.

14 (i) The commission, in addition to other games authorized  
15 by this chapter, shall establish special instant ticket games  
16 with play areas protected by paper tabs designated for use by  
17 charitable organizations. The moneys for prizes and for  
18 operating expenses shall be accounted for separately as nearly  
19 as practicable in the lottery commission's general accounting  
20 system. Moneys saved from the revenues of the special games, by  
21 reason of operating efficiencies, shall become other revenue of  
22 the lottery commission and revert to the state general fund.



1 (j) The commission or director shall not establish or  
2 operate any online or electronic keno game or any game played on  
3 the internet.

4 (k) The director shall print, in a prominent location on  
5 each lottery ticket or share, a statement that help is available  
6 if a person has a problem with gambling and a toll-free  
7 telephone number where problem gambling assistance is available.

8 The director shall require all licensed agents to post a  
9 sign with the statement that help is available if a person has a  
10 problem with gambling and the toll-free telephone number at the  
11 point of sale as prescribed and supplied by the director.

12 (l) For the purposes of this section:

13 "Charitable organization" means any nonprofit organization,  
14 including not more than one auxiliary of that organization, that  
15 has operated for charitable purposes in this State for at least  
16 two years before submitting a license application under this  
17 chapter.

18 "Game play-style" means the process or procedure that a  
19 player shall follow to determine if a lottery ticket or share is  
20 a winning ticket or share.

21 "Matrix" means the odds of winning a prize and the prize  
22 payout amounts in a given game.



1           **§ -5 Disposition of Revenue.** (a) Not more than  
2 eighteen and one-half per cent of the total annual revenues  
3 accruing from the sale of lottery tickets or shares and from all  
4 other sources and not more than thirty-five per cent of the  
5 total annual revenues from the sale of special instant games  
6 authorized under section -4(i) shall be deposited in the  
7 state lottery revolving fund established by section -24 to be  
8 expended for the following:

- 9           (1) The payment of costs incurred in the operation and  
10           administration of the lottery, including the expenses  
11           of the commission and the costs resulting from any  
12           contract or contracts entered into for consulting or  
13           operational services;
- 14           (2) Independent audits, which shall be performed annually  
15           in addition to the audits required by section -27;
- 16           (3) Incentive programs for lottery sales agents and  
17           lottery employees;
- 18           (4) Payment of compensation to licensed sales agents  
19           necessary to provide for the adequate availability of  
20           tickets or services to prospective buyers and for the  
21           convenience of the public. Except as otherwise  
22           provided in this subsection, compensation of licensed



1 sales agents shall be at least five and one-half per  
2 cent but not more than eight per cent of the price of  
3 each ticket or share that a retail sales agent sells  
4 in instant games and online games, less the price of  
5 any tickets or shares that are voided;

6 (5) The payment of reasonable fees to redemption agents as  
7 authorized by section -22;

8 (6) The purchase or lease of lottery equipment, tickets,  
9 and materials; and

10 (7) Compensation of a licensed sales agent who is  
11 designated as a charitable organization as defined in  
12 section -4(1) shall be twenty per cent of the price  
13 of each ticket from a special instant game authorized  
14 under section -4(i) and shall be an offset against  
15 the sale of the ticket.

16 (b) Not less than fifty per cent of the total annual  
17 revenues accruing from the sale of lottery tickets or shares  
18 shall be deposited in the state lottery prize revolving fund  
19 established by section -26 for payment of prizes to the  
20 holders of winning tickets or shares or for the purposes  
21 provided for in section -21.



1 (c) All other revenues accruing from the sale of lottery  
2 tickets or shares in online games or instant games shall be  
3 deposited in the state lottery revolving fund established by  
4 section -24 to be used as specified by section -25.

5 (d) Except for moneys for prizes expended as provided in  
6 section -4(g), revenues expended under subsection (a) shall  
7 be subject to legislative appropriation.

8 **§ -6 Powers and duties of director.** (a) In addition to  
9 other powers and duties authorized in this chapter, the director  
10 shall:

11 (1) Supervise and administer the operation of the lottery  
12 in accordance with this chapter and the rules adopted  
13 under this chapter, subject to the continuous duty to  
14 take into account the particularly sensitive and  
15 responsible nature of the commission's functions;

16 (2) Enforce this chapter and the rules adopted under this  
17 chapter. The director shall receive allegations of  
18 any violations of the laws of this State or rules  
19 pertaining to the conduct of the lottery;

20 (3) Pursuant to this chapter and the rules adopted by the  
21 commission, license as agents to sell lottery tickets



- 1 persons that will best serve the public convenience  
2 and promote the sale of tickets or shares;
- 3 (4) Hire such professional, clerical, technical, and  
4 administrative personnel as may be necessary to carry  
5 out this chapter. The director shall conduct  
6 background checks of prospective employees, and, in  
7 all employment decisions, shall take into account the  
8 particularly sensitive and responsible nature of the  
9 operation of the state lottery;
- 10 (5) Act as secretary and executive officer of the  
11 commission;
- 12 (6) Confer regularly as necessary or desirable and not  
13 less than once every quarter with the commission on  
14 the operation and administration of the lottery;
- 15 (7) Make available for inspection by the commission, upon  
16 request, all books, records, files, and other  
17 information and documents of the commission;
- 18 (8) Advise the commission and recommend matters as are  
19 necessary and advisable to improve the operation and  
20 administration of the lottery;



1           (9) Suspend or revoke any license issued pursuant to this  
2           chapter or the rules adopted pursuant to this chapter,  
3           subject to appeal to the commission; and

4           (10) Within thirty days after receiving an allegation of a  
5           violation of the laws of this State or rules  
6           pertaining to the conduct of the lottery by a licensed  
7           agent and evidence substantiating the allegation,  
8           determine whether the agent has violated the rules or  
9           if a criminal investigation is warranted.

10           **§ -7 Monthly reports; annual reports.** (a) The director  
11 shall submit a monthly report to the commission, the governor,  
12 and the legislature. The monthly report shall include the total  
13 lottery revenue, prize disbursements, and other expenses for the  
14 preceding month.

15           (b) The commission shall submit an annual report to the  
16 governor and the legislature not less than twenty days prior to  
17 the convening of each regular session. The annual report shall  
18 include a full and complete statement of lottery revenues, prize  
19 disbursements, and other expenses for the preceding years, and  
20 recommendations, including any proposed legislation, that the  
21 commission deems necessary or desirable.





1           **§ -8 Studies and investigations.** (a) The director  
2 shall conduct an ongoing study and investigation of the lottery  
3 for the following purposes:

4           (1) To ascertain any defects in this chapter or in its  
5 rules through which any abuses in the administration  
6 and operation of the lottery or any evasion of this  
7 chapter or its rules may arise or be practiced;

8           (2) To formulate recommendations for changes to this  
9 chapter;

10          (3) To guard against the use of this chapter and the rules  
11 as a cloak for organized gambling and crime; and

12          (4) To ensure that this chapter and its rules are in a  
13 form and are administered to serve the true purposes  
14 of this chapter.

15          (b) The director shall conduct an ongoing study and  
16 investigation of the operation and the administration of lottery  
17 laws in effect in other states or countries, any literature on  
18 the subject that may be published or available, any federal laws  
19 that may affect the operation of the lottery, and the reaction  
20 of residents to existing and potential features of the lottery  
21 in order to recommend or effect changes that will tend to serve  
22 the purposes of this chapter.



1           **§ -9 Contracts; limitation; restrictions.** (a)

2 Notwithstanding any law to the contrary, the director may:

3           (1) Directly solicit bids and contract for the design and  
4                 operation of the lottery or the purchase of lottery  
5                 equipment, tickets and related materials;

6           (2) Contract to effectuate the purposes of this chapter  
7                 and the rules adopted pursuant to this chapter; and

8           (3) Acquire administrative office facilities and related  
9                 facilities and equipment for the use of the commission  
10                by lease, purchase, or lease-purchase.

11           (b) The Hawaii state lottery commission shall be exempt  
12                from chapter 103D for procurement relating to the design and  
13                operation of the lottery or purchase of lottery equipment,  
14                tickets, and related materials. The executive director of the  
15                Hawaii state lottery commission shall adopt rules substantially  
16                equivalent to the policies and procedures in this chapter for  
17                procurement relating to the design and operation of the lottery  
18                or purchases of lottery equipment, tickets, or related  
19                materials. All other procurement shall be as specified by  
20                chapter 103D. Bids received under this section may be deemed  
21                confidential in whole or in part by the director if required on  
22                account of the sensitive and responsible nature of the



1 commission's functions and the paramount considerations of  
2 security and integrity.

3 (c) Any award made by the director pursuant to this  
4 section becomes effective and binding on the commission unless  
5 it is rejected by the commission at a meeting held within  
6 fourteen calendar days after the award is communicated to the  
7 members of the commission.

8 (d) A contract awarded or entered into by the director  
9 pursuant to this section shall not be assigned by the recipient  
10 of the award without specific approval by the director. In all  
11 awards of contracts pursuant to this section, the director shall  
12 take particular account of the sensitive and responsible nature  
13 of the commission's functions and the paramount considerations  
14 of security and integrity.

15 **§ -10 Security operations; powers; peace officer status.**

16 (a) The state lottery commission shall maintain operations  
17 responsible for security. The director shall appoint a security  
18 officer to supervise the security operations of the commission.

19 (b) The security operations of the state lottery  
20 commission shall be deemed a law enforcement agency and the  
21 supervising security officer is designated a peace officer. The  
22 law enforcement agency and peace officer status shall be for the



1 limited purpose of receiving investigative information from law  
2 enforcement agencies pertaining to investigations of lottery  
3 activities.

4 (c) No employee of the lottery commission shall be  
5 eligible for participation in the employees' retirement system.

6 **§ -11 Department of public safety; investigation;**  
7 **authority; payment.** (a) The director of public safety shall  
8 order an investigation into any violation of a statute of the  
9 State which pertains to the conduct of the state lottery. The  
10 executive director of the commission shall include in the  
11 commission's overhead expenses and pay, upon certified invoice  
12 submitted by the director of public safety, any charges for  
13 actual expenses as a result of investigations and related law  
14 enforcement activities, or for any activity directly or  
15 indirectly related to the lottery operation. The charges may  
16 include costs for personnel; supplies, materials, equipment, and  
17 travel within or without the State.

18 **§ -12 Licenses to sell tickets or shares; fee;**  
19 **conditions; definitions.** (a) A license as an agent to sell  
20 lottery tickets or shares shall not be issued to any person to  
21 engage in business exclusively as a lottery sales agent. Before



1 issuing a license as a lottery sales agent to any person the  
2 director shall consider factors such as the following:

3 (1) The financial responsibility and security of the  
4 person and the nature of the person's business  
5 activity;

6 (2) The person's background and reputation in the  
7 community;

8 (3) The accessibility of the person's place of business or  
9 activity to the public;

10 (4) The accessibility of existing licensees to serve the  
11 public convenience; and

12 (5) The volume of expected sales.

13 (b) A person lawfully engaged in nongovernmental business  
14 on state property may be licensed as a lottery sales agent.

15 (c) The director may establish by rule and collect a fee  
16 for a license issued pursuant to this section.

17 (d) No license shall be assignable or transferrable.

18 (e) A licensed agent or licensed agent's employee may sell  
19 lottery tickets or shares only on the premises stated in the  
20 license of the agent.

21 (f) The director may purchase a blanket bond covering the  
22 activities of licensed agents.



1 (g) A licensed agent shall display the licensed agent's  
2 license or a copy of the license conspicuously in accordance  
3 with the rules adopted by the director.

4 (h) If a licensed agent sells lottery tickets or shares on  
5 leased premises and all or part of the agent's rental payments  
6 are based on the total volume of sales made at the premises, the  
7 compensation paid by the state lottery commission to the agent  
8 for the sale of tickets and shares shall be the amount of the  
9 sale for the purposes of determining the agent's rental  
10 payments. This subsection shall not apply if the lease  
11 agreement expressly provides that the total volume of sales made  
12 at the premises includes sales of lottery tickets or shares.

13 (i) The commission shall adopt rules to establish  
14 penalties for a licensed agent who violates sections -16 or  
15 -17. The penalty for a subsequent violation within any  
16 twelve month period shall be more severe than the penalty for a  
17 prior violation.

18 (j) The director shall not require a licensed agent, as a  
19 condition of securing or continuing to hold a license to sell or  
20 to sell lottery tickets or shares to the public, to sell tickets  
21 or shares through or by the use of a self-service vending  
22 machine at the licensed agent's premises.



1           (k) For the purposes of this section, acts or omissions of  
2 an employee at the premises of a licensed agent or sales of  
3 tickets or shares by vending machine in violation of  
4 sections     -16 or     -17 shall be deemed acts or omissions of  
5 the licensed agent only at the premises where the acts,  
6 omissions or sales occurred.

7           (1) For the purposes of this section:

8           "Person" means an individual, association, corporation,  
9 club, trust, estate, society, company, joint stock company,  
10 receiver, trustee or referee, any other person acting in a  
11 fiduciary or representative capacity who is appointed by a  
12 court, or any combination of individuals. "Person" includes any  
13 department, commission, agency or instrumentality of the State  
14 or its political subdivisions.

15           "Premises" means the physical location and address listed  
16 on the license of the licensed agent where lottery tickets or  
17 shares may be sold.

18           **§ -13 Prosecution; payment of costs.** (a) The attorney  
19 general and the prosecuting attorneys of the affected county  
20 shall have concurrent jurisdiction over any offense arising out  
21 of or in connection with the formation, management, operation,  
22 or conduct of the state lottery.



1           (b) The director shall include, as an expense of the  
2 commission, all costs incurred by the attorney general or a  
3 prosecuting attorney as a result of prosecution of a person for  
4 a violation of this chapter or for any violation directly or  
5 indirectly related to the state lottery operation. The director  
6 shall authorize reimbursement of prosecution costs on  
7 presentation of a certified invoice signed by the attorney  
8 general or a prosecuting attorney.

9           (c) As used in this section, "prosecution costs" may  
10 include but are not limited to costs for personnel, expenses,  
11 fees and other costs necessary in the preparation and  
12 prosecution of a person charged with a violation of this  
13 chapter.

14           **§ -14 Right to prize not assignable; exceptions.** (a)  
15 The right of any person to a prize shall not be assignable,  
16 provided that:

17           (1) Payment of any prize drawn or the remainder of any  
18 annuity purchased may be paid to any of the following:  
19           (A) The estate of a deceased prize winner;  
20           (B) The beneficiary of a deceased prize winner; or  
21           (C) A person pursuant to an appropriate judicial  
22           order;





- 1           (2)   Payments to winners in an amount of six hundred
- 2                   dollars or more are subject to setoff pursuant to
- 3                   section     -28;
  
- 4           (3)   In the event of a voluntary assignment, the remainder
- 5                   of any annuity, or a portion of the remainder of the
- 6                   annuity, may be assigned by a prize winner pursuant to
- 7                   an appropriate judicial order if all of the following
- 8                   conditions are met:
  
- 9                   (A)   The prize winner provides an affidavit to the
- 10                           court to the effect that the affiant is of sound
- 11                           mind, not acting under duress, and has received
- 12                           independent financial and tax advice concerning
- 13                           the assignment;
  
- 14                   (B)   The assignee pays the prize winner a lump sum
- 15                           under the assignment agreement for all amounts
- 16                           that are due to the prize winner on or before the
- 17                           date that the assignment takes effect; and
  
- 18                   (C)   The parties to the assignment pay a fee to the
- 19                           commission to defray the expenses incurred by the
- 20                           commission in processing the assignment.  The
- 21                           commission shall determine the amount of the fee.
- 22                           Moneys collected by the commission pursuant to



1                   this subparagraph shall be deposited in the state  
2                   lottery fund established by section     -24.

3           (b) On receipt of a court order that meets the  
4 requirements of subsection (a)(3) of this section, the director  
5 shall make the voluntary assignment.

6           (c) The commission and director shall be discharged of all  
7 further liability upon payment of a prize pursuant to this  
8 section.

9           **§ -15 Sale at unauthorized price or by unauthorized**  
10 **persons; violation; classification.** (a) A person shall not  
11 sell a ticket or share at a price greater than that fixed by  
12 rule. No person other than a licensed lottery sales agent or  
13 any employee of an agent acting within the scope of the  
14 employee's employment shall sell lottery tickets or shares.  
15 This section shall not prohibit a person from giving lottery  
16 tickets or shares to another person as a gift.

17           (b) Any person who violates this section shall be guilty  
18 of a petty misdemeanor.

19           **§ -16 Sale of tickets or shares to underage persons;**  
20 **violation; classification.** It shall be unlawful for a person to  
21 sell or offer to sell a lottery ticket or share to any person  
22 who is under the age of twenty-one years.



1 (b) Any person who violates this section shall be guilty  
2 of a misdemeanor.

3 **§ -17 Sale to persons using state issued electronic**  
4 **benefits transfer cards; violation; classification.** (a) It  
5 shall be unlawful for a licensed agent to sell a lottery ticket  
6 or share to a person who uses either a public assistance voucher  
7 issued by any public entity or an electronic benefits transfer  
8 card issued by the department of human services to purchase the  
9 ticket or share.

10 (b) It shall be unlawful for a licensed agent to sell a  
11 lottery ticket or share during the same transaction in which a  
12 person uses either a public assistance voucher issued by any  
13 public entity or an electronic benefits transfer card issued by  
14 the department of human services.

15 (c) Any person who violates this section shall be guilty  
16 of a misdemeanor.

17 **§ -18 Purchase of lottery tickets or shares by minors or**  
18 **persons under twenty-one years of age; penalty.** (a) It shall  
19 be unlawful for a person under twenty-one years of age to  
20 purchase a lottery ticket or share.

21 (b) Any person who violates this section shall be subject  
22 to a fine of not more than \$100.



1           **§ -19 Alteration of lottery tickets; violation;**  
2 **classification.** Any person who, with intent to defraud, falsely  
3 makes, alters, forges, utters, passes, or counterfeits a state  
4 lottery ticket or share shall be guilty of a class 3 felony.

5           **§ -20 Purchase of tickets and receipt of prizes by**  
6 **certain persons prohibited.** (a) A lottery ticket or share may  
7 not be purchased by and a prize may not be paid to an officer or  
8 employee of the commission or to any spouse, child, brother,  
9 sister, or parent residing as a member of the same household in  
10 the principal place of residence of the officer or employee.

11           (b) A lottery ticket or share may not be purchased by and  
12 a prize may not be paid to any of the following persons:

13           (1) An officer or employee of any person contracting with  
14 the commission to supply gaming equipment or lottery  
15 tickets, provide advertising or consulting services,  
16 or to draw or otherwise select winning tickets or  
17 shares if the officer or employee is involved in the  
18 direct provision of goods or services to the  
19 commission or has access to information made  
20 confidential by the commission;

21           (2) A spouse, child, brother, sister, or parent residing  
22 as a member of the same household in the principal



1 place of residence of a person described in paragraph  
 2 (1); or  
 3 (3) The immediate supervisor of a person described in  
 4 paragraph (1).

5 **§ -21 Disposition of unclaimed prize money. (a)**

6 Unclaimed prize money for the prize on a winning ticket or share  
 7 shall be retained for the person entitled to the prize for one  
 8 hundred eighty days after the drawing in which the prize was won  
 9 in the case of a drawing prize and for one hundred eighty days  
 10 after the announced end of the game in question in the case of a  
 11 prize determined in any manner other than by means of a drawing.  
 12 If a claim is not made for the money within the applicable  
 13 period, seventy per cent of the prize money shall be held in the  
 14 state lottery prize fund for use as additional prizes in future  
 15 games and thirty per cent shall be transferred to the education  
 16 special fund established by section 302A- .

17 **§ -22 Lottery redemption agents. (a)** The director may  
 18 make arrangements for redemption agents to perform functions,  
 19 activities, or services in connection with the operation of the  
 20 lottery, including direct payment of prizes not exceeding five  
 21 thousand dollars, as the director deems advisable pursuant to  
 22 this chapter and the rules adopted under this chapter. The



1 director may make arrangements for payment of reasonable fees  
2 for those services. Notwithstanding any other law to the  
3 contrary, those functions, activities, or services shall  
4 constitute lawful functions, activities, and services of  
5 financial institutions licensed under chapter 412.

6       **§ -23 Award of prize to certain persons prohibited.** (a)

7 No prize may be paid on any winning ticket or share to any  
8 person who is under twenty-one years of age.

9       **§ -24 State lottery revolving fund.** (a) There is

10 established a state lottery revolving fund consisting of all  
11 revenues received from the sale of lottery tickets or shares,  
12 the fees, if any, charged pursuant to section -4 and all other  
13 moneys credited or transferred from any other fund or source  
14 pursuant to statute, with the exception of those moneys set  
15 aside for payment of prizes and deposited as provided in section  
16 -26.

17       **§ -25 Use of moneys in state lottery revolving fund;**

18 **report.** (a) The moneys in the state lottery revolving fund  
19 shall be expended by the commission for the expenses of the  
20 commission incurred in carrying out its powers and duties and in  
21 the operation of the lottery.



1 (b) Moneys remaining in the state lottery revolving fund  
2 each fiscal year after the expenditures made pursuant to  
3 subsection (a) shall go to the education special fund created in  
4 section 302A-A.

5 **§ -26 State lottery prize revolving fund; setoff for**  
6 **state debts; notification to department of economic security.**

7 (a) The state lottery revolving prize fund is established.  
8 That portion of the gross proceeds which is set aside pursuant  
9 to section -5(b) shall be deposited, pursuant to chapter 38,  
10 directly in the state lottery prize revolving fund as the  
11 commission receives those proceeds and shall be available by the  
12 commission for payment of prizes to the holders of winning  
13 tickets or shares or for the purposes provided for in section  
14 -21. Procedures for payments to winners from this fund shall  
15 be established by rule or order of the commission.

16 Notwithstanding any other law to the contrary, transfers or  
17 payments to or from the state lottery prize revolving fund, and  
18 deposits into the state lottery prize revolving fund, are not  
19 subject to appropriation by the legislature.

20 (b) Payments to winners which are payable by the  
21 commission or lottery redemption agents pursuant to this section



1 in an amount of \$600 or more are subject to setoff under section  
2 -28.

3 (c) The commission shall furnish the department of human  
4 services with the names and the social security numbers of  
5 persons who are paid lottery prizes or winnings in an amount of  
6 \$600 or more pursuant to this section for purposes described  
7 under section 346- . The department of human services shall  
8 pay the commission for the cost of furnishing the information.

9 § -27 **Audit of accounts.** (a) The certified public  
10 accountant hired to perform the annual audit under  
11 section -5(a)(2) shall conduct postaudits of all accounts and  
12 transactions of the commission for each lottery game. The  
13 certified public accountant conducting an audit under this  
14 chapter shall have access and authority to examine any and all  
15 records of the commission, its redemption agents, and its  
16 licensees.

17 § -28 **Prizes; setoff for debts to state agencies;**  
18 **definitions.** (a) The commission shall establish a liability  
19 setoff program by which state lottery prize payments pursuant to  
20 section -26 may be used to satisfy debts which a person owes  
21 the State. The program shall comply with the standards and  
22 requirements described in this section.





1 (b) If a person owes an agency a debt, an agency may  
2 notify the commission, furnishing at least the state agency or  
3 program identifier, the first name, last name, middle initial  
4 and social security number of the debtor, and the amount of the  
5 debt. This information shall be in the form the commission  
6 prescribes. Each agency shall certify the information and  
7 update the information monthly. No information may be  
8 transmitted by the department of taxation to the commission if  
9 the transmission would violate section 231-1.5.

10 (c) The commission shall match the information submitted  
11 by the agency with persons who are entitled to a state lottery  
12 prize payment in an amount of \$600 or more. If there is a match,  
13 the commission shall set off the amount of the debt from the  
14 prize due and notify the person of the person's right to appeal  
15 to the appropriate court, or to request a review by the agency  
16 pursuant to agency rule. The person shall make the request or  
17 appeal within thirty days after the setoff. If the setoff  
18 accounts for only a portion of the prize due, the remainder of  
19 the prize shall be paid to the person. The commission shall  
20 promptly transfer the setoff, less the amount of the  
21 commission's fee, to the agency.



1 (d) If a person requests a review by the agency or  
2 provides the agency with proof that an appeal has been taken to  
3 the appropriate court within thirty days after the setoff and it  
4 is determined that the setoff was made in error under this  
5 section, the agency shall reimburse the person with interest as  
6 determined pursuant to section 478-2.

7 (e) The basis for a request for review shall not include  
8 the validity of the claim if its validity has been established  
9 at an agency hearing, by judicial review in a court of competent  
10 jurisdiction in this or any other state or by final  
11 administrative decision and shall state with specificity why the  
12 person claims the obligation does not exist or why the amount of  
13 the obligation is incorrect.

14 (f) The commission may prescribe a fee to be collected  
15 from each agency utilizing the setoff procedure. The amount of  
16 the fee shall reasonably reflect the actual cost of the service  
17 provided.

18 (g) If more than one agency has one or more delinquent  
19 accounts for the same person, the commission shall apportion the  
20 prize equally among them, except that a setoff to the department  
21 of human services for overdue support has priority over all  
22 other setoffs.



1 (h) If the prize is insufficient to satisfy the entire  
2 debt, the remainder of the debt may be collected by an agency as  
3 provided by law or resubmitted for setoff against any other  
4 prize awarded.

5 (i) An agency shall not enter into an agreement with a  
6 debtor for the assignment of any prospective prize to the agency  
7 in satisfaction of the debt.

8 (j) In this section, the following terms have the meanings  
9 ascribed to them, unless the context dictates otherwise:

10 "Agency" means a department, agency, board, commission or  
11 institution of this State. "Agency" also means a corporation  
12 under contract with this State that provides a service that  
13 would otherwise be provided by a department, agency, board,  
14 commission, or institution of this State if:

15 (1) The contract specifically authorizes participation in  
16 the liability setoff program;

17 (2) The attorney general's office has reviewed the  
18 contract and approves of the authorization; and

19 (3) The participation in the liability setoff program is  
20 limited to debts related to the services the  
21 corporation provides for or on behalf of this State.



1 "Debt" means an amount over \$100 owed to an agency by a  
2 person and may include interest, penalties, charges, costs,  
3 fees, or any other amount. "Debt" also includes moneys owed by  
4 a person for overdue support and referred to the department of  
5 human services for collection.

6 "Overdue support" means a delinquency in court-ordered  
7 payments for support or maintenance of a child or for spousal  
8 maintenance to the parent with whom the child is living if child  
9 support is also being enforced pursuant to an assignment or  
10 application filed under 42 United States Code section 654(6).

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

14 "§302A- Education special fund. There is established an  
15 education special fund within the state treasury to be  
16 administered by the superintendent of education into which shall  
17 be deposited funds pursuant to sections -21, -24, and  
18 -25. Moneys may be appropriated from the education special  
19 fund for any educational purpose upon approval by a two-thirds  
20 vote of each house of the legislature."

21



1 SECTION 3. Chapter 346, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4 "§346- Eligibility of lottery prize winner to receive  
5 assistance; determination. (a) On receipt of the information  
6 provided by the state lottery commission pursuant to section  
7 -26(c), the director shall determine if the person is  
8 receiving assistance from any financial assistance program  
9 administered by the department. If the person is receiving  
10 assistance, the director shall promptly redetermine the  
11 eligibility of that person to receive the assistance."

12 SECTION 4. Section 712-1220, Hawaii Revised Statutes, is  
13 amended by amending subsection (4) to read as follows:

14 "(4) "Gambling". A person engages in gambling if he  
15 stakes or risks something of value upon the outcome of a contest  
16 of chance or a future contingent event not under his control or  
17 influence, upon an agreement or understanding that he or someone  
18 else will receive something of value in the event of a certain  
19 outcome. Gambling does not include lottery tickets and other  
20 items used in the playing phases of lottery schemes overseen by  
21 the Hawaii state lottery commission, bona fide business  
22 transactions valid under the law of contracts, including but not



1 limited to contracts for the purchase or sale at a future date  
 2 of securities or commodities, and agreements to compensate for  
 3 loss caused by the happening of chance, including but not  
 4 limited to contracts of indemnity or guaranty and life, health,  
 5 or accident insurance."



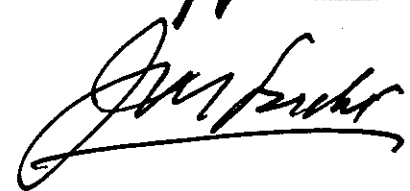
6 SECTION 5. There is appropriated out of the general  
 7 revenues of the State of Hawaii the sum of \$ or so  
 8 much thereof as may be necessary for fiscal year 2012-2013 for  
 9 the operations of the Hawaii state lottery commission.

10 The sum appropriated shall be expended by the department of  
 11 accounting and general services for the purposes of this Act.

12 SECTION 6. New statutory material is underscored.

13 SECTION 7. This Act shall take effect on July 1, 2012.

14

INTRODUCED BY:   
Meli Camacho  
  


JAN 20 2012



# H.B. NO. 2316

**Report Title:**

Lottery

**Description:**

Establishes the Hawaii state lottery commission and authorizes the lottery commission to establish lottery gaming.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

