



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

6 (b) The members shall be as follows:

7 (1) At least one member of the commission shall have a  
8 minimum of five years' experience in law enforcement;

9 (2) At least one member of the commission shall have a  
10 minimum of five years' experience as a certified  
11 public accountant;

12 (3) At least one member of the commission shall have a  
13 minimum of five years' experience in marketing or  
14 advertising, or both; and

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

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



1 (d) No commission member shall have a pecuniary interest  
2 in any contract or agreement to which the commission is a party.

3 (e) No action of the commission shall be binding unless  
4 taken at a meeting with at least three members present who vote  
5 in favor of the action in question.

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

10 (b) Effective July 1, 2013, the executive director of the  
11 commission shall be paid a salary set at eighty-seven per cent  
12 of the salary of the director of human resources development.  
13 The director shall be exempt from chapters 76 and 89 but shall  
14 be a member of the state employees' retirement system and shall  
15 be eligible to receive benefits of any state or federal employee  
16 benefits program generally applicable to officers and employees  
17 of the State, including those under chapter 87A.

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



1 (d) The executive director may employ persons not subject  
2 to chapters 76 and 78 to perform and execute the functions of  
3 the commission.

4 § -4 Commission; director; powers and duties. (a) The  
5 commission shall meet with the director not less than once each  
6 quarter to make recommendations and set policy, receive reports  
7 from the director, and transact other business properly brought  
8 before the commission.

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

15 (1) Subject to the approval of the commission, the types  
16 of lottery games and the types of game play-styles to  
17 be conducted;

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



- 1           (3) The manner of payment of prizes to the holders of  
2           winning tickets or shares, including providing for  
3           payment by the purchase of annuities in the case of  
4           prizes payable in installments, provided that the  
5           commission staff shall examine claims and may not pay  
6           any prize based on altered, stolen, or counterfeit  
7           tickets or based on any tickets that fail to meet  
8           established validation requirements, including rules  
9           stated on the ticket or in the published game rules,  
10          and confidential validation tests applied consistently  
11          by the commission staff. No particular prize in a  
12          lottery game may be paid more than once, and if a  
13          binding determination occurs in which more than one  
14          person is entitled to a particular prize, the sole  
15          remedy of the claimants is the award to each of them  
16          of an equal portion of the single prize;
- 17          (4) The method to be used in selling tickets or shares,  
18          provided that no elected official's name may be  
19          printed on the tickets or shares. The overall  
20          estimated odds of winning some prize or some cash  
21          prize, as appropriate, in a given game shall be  
22          printed on each ticket or share;



1           (5) The licensing of agents to sell tickets or shares;  
2           provided that no person who is under eighteen years of  
3           age shall be licensed as an agent;

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

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

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

- 19           (1) The prices of tickets or shares in lottery games;  
20           (2) The themes, game play-styles, and names of lottery  
21           games and definitions of symbols and other characters  
22           used in lottery games, provided that each ticket or



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



1           (7) Incentive and bonus programs designed to increase  
2           sales of lottery tickets or shares and to produce the  
3           maximum amount of net revenue for the State.

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

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

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





1           (2) After the end of the claim period prescribed by  
2           section     -21, a listing of the total number of  
3           tickets or shares sold and the number of prizes of  
4           each particular denomination awarded in each lottery  
5           game; and

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

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

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



1 be expended from the lottery commission's annual appropriation,  
2 except as otherwise provided in section -5(d) and section  
3 -25. Moneys saved from the revenues of the special games, by  
4 reason of operating efficiencies, shall become other revenue of  
5 the lottery commission and revert to the state general fund.

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

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



1 of operating efficiencies, shall become other revenue of the  
2 commission and revert to the state general fund.

3 (j) Except as provided in subsection (d), the commission  
4 or director shall not establish or operate any online or  
5 electronic keno game or any game played on the Internet.

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

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

14 (l) As used in this section, the following terms shall  
15 have the meanings ascribed to them, unless the context dictates  
16 otherwise:

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



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

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

6 § -5 **Disposition of revenue.** (a) Not more than  
7 eighteen and one-half per cent of the total annual revenues  
8 accruing from the sale of lottery tickets or shares and from all  
9 other sources, unless otherwise specified, and not more than  
10 thirty-five per cent of the total annual revenues from the sale  
11 of special instant ticket games authorized under section

12 -4(i) shall be deposited in the state lottery revolving fund  
13 established by section -24 to be expended for the following:

14 (1) The payment of costs incurred in the operation and  
15 administration of the lottery, including the expenses  
16 of the commission and the costs resulting from any  
17 contract or contracts entered into for consulting or  
18 operational services;

19 (2) Independent audits, which shall be performed annually  
20 in addition to the audits required by section -27;

21 (3) Incentive programs for lottery sales agents and  
22 lottery employees;



- 1           (4) Payment of compensation to licensed sales agents  
2           necessary to provide for the adequate availability of  
3           lottery tickets or services to prospective buyers and  
4           for the convenience of the public. Except as  
5           otherwise provided in this subsection, compensation of  
6           licensed sales agents shall be at least five and one-  
7           half per cent but not more than eight per cent of the  
8           price of each lottery ticket or share that a retail  
9           sales agent sells in instant games and online games,  
10          less the price of any lottery tickets or shares that  
11          are voided;
- 12          (5) The payment of reasonable fees to redemption agents as  
13          authorized by section       -22;
- 14          (6) The purchase or lease of lottery equipment, lottery  
15          tickets, and materials; and
- 16          (7) Compensation of a licensed sales agent who is  
17          designated as a charitable organization as defined in  
18          section       -4(1) shall be twenty per cent of the price  
19          of each lottery ticket from a special instant ticket  
20          game authorized under section       -4(i) and shall be an  
21          offset against the sale of the lottery ticket.



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

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

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

14           §   -6 **Powers and duties of director.** In addition to any  
15 other powers and duties authorized in this chapter, the director  
16 shall:

17           (1) Supervise and administer the operation of the lottery  
18               in accordance with this chapter and the rules adopted  
19               under this chapter, subject to the continuous duty to  
20               take into account the particularly sensitive and  
21               responsible nature of the commission's functions;



- 1           (2) Enforce this chapter and the rules adopted under this  
2           chapter. The director shall receive allegations of  
3           any violations of the laws of this State or rules  
4           pertaining to the conduct of the lottery;
- 5           (3) Pursuant to this chapter and the rules adopted by the  
6           commission, license as agents to sell lottery tickets  
7           persons that shall best serve the public convenience  
8           and promote the sale of lottery tickets or shares;
- 9           (4) Hire professional, clerical, technical, and  
10          administrative personnel as may be necessary to carry  
11          out this chapter. The director shall conduct  
12          background checks of prospective employees, and, in  
13          all employment decisions, shall take into account the  
14          particularly sensitive and responsible nature of the  
15          operation of the state lottery;
- 16          (5) Act as secretary and executive officer of the  
17          commission;
- 18          (6) Confer regularly as necessary or desirable and not  
19          less than once every quarter with the commission on  
20          the operation and administration of the lottery;



- 1           (7) Make available for inspection by the commission, upon  
2           request, all books, records, files, and other  
3           information and documents of the commission;
- 4           (8) Advise the commission and recommend matters as are  
5           necessary and advisable to improve the operation and  
6           administration of the lottery;
- 7           (9) Suspend or revoke any license issued pursuant to this  
8           chapter or the rules adopted pursuant to this chapter,  
9           subject to appeal to the commission; and
- 10          (10) Within thirty days after receiving an allegation of a  
11          violation of the laws of this State or rules  
12          pertaining to the conduct of the lottery by a licensed  
13          agent and evidence substantiating the allegation,  
14          determine whether the agent has violated the rules or  
15          if a criminal investigation is warranted.

16          §   -7 **Monthly reports; annual reports.** (a) The director  
17          shall submit a monthly report to the commission, the governor,  
18          and the legislature. The monthly report shall include the total  
19          lottery revenue, prize disbursements, and other expenses for the  
20          preceding month.

21          (b) The commission shall submit an annual report to the  
22          governor and the legislature not less than twenty days prior to





1 the convening of each regular session. The annual report shall  
2 include a full and complete statement of lottery revenues, prize  
3 disbursements, and other expenses for the preceding years, and  
4 recommendations, including any proposed legislation, that the  
5 commission deems necessary or desirable.

6 § -8 **Studies and investigations.** (a) The director  
7 shall conduct an ongoing study and investigation of the lottery  
8 for the following purposes:

- 9 (1) To ascertain any provisions in this chapter or in its  
10 rules through which any abuses in the administration  
11 and operation of the lottery or any evasion of this  
12 chapter or its rules may arise or be practiced;
- 13 (2) To formulate recommendations for changes to this  
14 chapter;
- 15 (3) To guard against the use of this chapter and the rules  
16 as a pretext for organized gambling and crime; and
- 17 (4) To ensure that this chapter and its rules are in a  
18 form and are administered to serve the true purposes  
19 of this chapter.

20 (b) The director shall conduct an ongoing study and  
21 investigation of the operation and the administration of lottery  
22 laws in effect in other states or countries, any literature on



1 the subject that may be published or available, any federal laws  
2 that may affect the operation of the lottery, and the reaction  
3 of residents to existing and potential features of the lottery  
4 in order to recommend or effect changes that will tend to serve  
5 the purposes of this chapter.

6 § -9 **Contracts; limitation; restrictions.** (a)

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

- 8 (1) Directly solicit bids and contract for the design and  
9 operation of the lottery or the purchase of lottery  
10 equipment, lottery tickets, and related materials;  
11 (2) Contract to effectuate the purposes of this chapter  
12 and the rules adopted pursuant to this chapter; and  
13 (3) Acquire administrative office facilities and related  
14 facilities and equipment for the use of the commission  
15 by lease, purchase, or lease-purchase.

16 (b) The state lottery commission shall be exempt from  
17 chapter 103D for procurement relating to the design and  
18 operation of the lottery or purchase of lottery equipment,  
19 lottery tickets, and related materials. The director shall  
20 adopt rules substantially equivalent to the policies and  
21 procedures in this chapter for procurement relating to the  
22 design and operation of the lottery or purchases of lottery



1 equipment, lottery tickets, or related materials. All other  
2 procurement shall be as specified by chapter 103D. Bids  
3 received under this section may be deemed confidential in whole  
4 or in part by the director if required on account of the  
5 sensitive and responsible nature of the commission's functions  
6 and the paramount considerations of security and integrity.

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

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

19 **§ -10 Security operations; powers; peace officer status.**

20 (a) The lottery commission shall maintain operations  
21 responsible for security. The director shall appoint a security  
22 officer to supervise the security operations of the commission.



1           (b) The security operations of the lottery commission  
2 shall be deemed a law enforcement agency and the supervising  
3 security officer shall be designated a peace officer. The  
4 status as a law enforcement agency or as a peace officer shall  
5 be for the limited purpose of receiving investigative  
6 information from law enforcement agencies pertaining to  
7 investigations of lottery activities.

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

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



1           §   -12 Licenses to sell tickets or shares; fee;  
2 conditions; definitions. (a) The director shall not issue a  
3 license as a lottery sales agent to any person who engages  
4 exclusively in the business of selling lottery tickets or  
5 shares. Before issuing a license as a lottery sales agent to  
6 any person, the director shall consider factors such as the  
7 following:

- 8           (1) The financial responsibility and security of the  
9                    person and the nature of the person's business  
10                   activity;
- 11           (2) The person's background and reputation in the  
12                   community;
- 13           (3) The accessibility of the person's place of business or  
14                   activity to the public;
- 15           (4) The accessibility of existing licensees to serve the  
16                   public convenience; and
- 17           (5) The volume of expected sales.

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

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

22           (d) No license shall be assignable or transferable.



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

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

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

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

18 (i) The commission shall adopt rules to establish  
19 penalties for a licensed agent who violates section -16 or  
20 -17; provided that the penalties for a subsequent violation  
21 within any twelve-month period shall be more severe than the  
22 penalty for a prior violation.



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

6           (k) For the purposes of this section, acts or omissions of  
7 an employee at the premises of a licensed agent or sales of  
8 tickets or shares by vending machine in violation of section  
9 -16 or -17 shall be deemed acts or omissions of the  
10 licensed agent only at the premises where the acts, omissions,  
11 or sales occurred.

12           (l) As used in this section, the following terms shall  
13 have the meanings ascribed to them, unless the context dictates  
14 otherwise:

15           "Person" means an individual, association, corporation,  
16 club, trust, estate, society, company, joint stock company,  
17 receiver, trustee or referee, any other person acting in a  
18 fiduciary or representative capacity who is appointed by a  
19 court, or any combination of individuals. "Person" includes any  
20 department, commission, agency or instrumentality of the State  
21 or its political subdivisions.



1 "Premises" means the physical location and address listed  
2 on the license of the licensed agent where lottery tickets or  
3 shares may be sold.

4 § -13 Prosecution; payment of costs. (a) The attorney  
5 general and the prosecuting attorneys of the affected county  
6 shall have concurrent jurisdiction over any offenses arising out  
7 of or in connection with the formation, management, operation,  
8 or conduct of the state lottery.

9 (b) The director shall include, as an expense of the  
10 commission, all costs incurred by the attorney general or a  
11 prosecuting attorney as a result of prosecution of a person for  
12 a violation of this chapter or for any violation directly or  
13 indirectly related to the state lottery operation. The director  
14 shall authorize reimbursement of prosecution costs on  
15 presentation of a certified invoice signed by the attorney  
16 general or a prosecuting attorney.

17 (c) As used in this section, "prosecution costs" may  
18 include but are not limited to costs for personnel, expenses,  
19 fees and other costs necessary in the preparation and  
20 prosecution of a person charged with a violation of this  
21 chapter.





1           §   -14 Right to prize not assignable; exceptions. (a)

2 The right of any person to a prize shall not be assignable,  
3 provided that:

4           (1) Payment of any prize drawn or the remainder of any  
5 annuity purchased may be paid to any of the following:

- 6           (A) The estate of a deceased prize winner;
- 7           (B) The beneficiary of a deceased prize winner; or
- 8           (C) A person pursuant to an appropriate judicial  
9           order;

10          (2) Payments to winners in an amount of six hundred  
11 dollars or more are subject to setoff pursuant to  
12 section    -28;

13          (3) If a voluntary assignment occurs, the remainder of any  
14 annuity, or a portion of the remainder of the annuity,  
15 may be assigned by a prize winner pursuant to an  
16 appropriate judicial order if all of the following  
17 conditions are met:

- 18           (A) The prize winner provides an affidavit to the  
19           court to the effect that the affiant is of sound  
20           mind, not acting under duress, and has received  
21           independent financial and tax advice concerning  
22           the assignment;



1 (B) The assignee pays the prize winner a lump sum  
2 under the assignment agreement for all amounts  
3 that are due to the prize winner on or before the  
4 date that the assignment takes effect; and

5 (C) The parties to the assignment pay a fee to the  
6 commission to defray the expenses incurred by the  
7 commission in processing the assignment. The  
8 commission shall determine the amount of the fee.  
9 Moneys collected by the commission pursuant to  
10 this subparagraph shall be deposited in the state  
11 lottery revolving fund established by section

12 -24.

13 (b) On receipt of a court order that meets the  
14 requirements of subsection (a)(3), the director shall make the  
15 voluntary assignment.

16 (c) The commission and director shall be discharged of all  
17 further liability upon payment of a prize pursuant to this  
18 section.

19 § -15 Sale at unauthorized price or by unauthorized  
20 persons; violation; classification. (a) No person shall sell a  
21 ticket or share at a price greater than that fixed by rule. No  
22 person other than a licensed lottery sales agent or any employee

1 of a licensed lottery sales agent acting within the scope of the  
2 employee's employment shall sell lottery tickets or shares.  
3 This section shall not prohibit a person from giving lottery  
4 tickets or shares to another person as a gift; provided that the  
5 person receiving the lottery tickets meets the eligibility  
6 requirements of section -23.

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

9 § -16 Sale of tickets or shares to underage persons;  
10 violation; classification. (a) No person shall sell or offer  
11 to sell a lottery ticket or share to any person who is under the  
12 age of twenty-one years.

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

15 § -17 Sale to persons using state-issued electronic  
16 benefits transfer cards; violation; classification. (a) No  
17 licensed lottery sales agent shall sell a lottery ticket or  
18 share to a person who uses either a public assistance voucher  
19 issued by any public entity or an electronic benefits transfer  
20 card issued by the department of human services to purchase the  
21 lottery ticket or share.



1 (b) No licensed lottery sales agent shall sell a lottery  
2 ticket or share during the same transaction in which a person  
3 uses either a public assistance voucher issued by any public  
4 entity or an electronic benefits transfer card issued by the  
5 department of human services.

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

8 § -18 Purchase of lottery tickets or shares by minors or  
9 persons under twenty-one years of age; penalty. (a) No person  
10 under twenty-one years of age shall purchase a lottery ticket or  
11 share.

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

14 § -19 Alteration of lottery tickets; violation;  
15 classification. Any person who, with intent to defraud, falsely  
16 makes, alters, forges, utters, passes, or counterfeits a state  
17 lottery ticket or share shall be guilty of a class C felony.

18 § -20 Purchase of tickets and receipt of prizes by  
19 certain persons prohibited. (a) A lottery ticket or share  
20 shall not be purchased by and a prize shall not be paid to an  
21 officer or employee of the commission or to any spouse, child,  
22 brother, sister, or parent residing as a member of the same



1 household in the principal place of residence of the officer or  
2 employee.

3 (b) A lottery ticket or share shall not be purchased by  
4 and a prize shall not be paid to any of the following persons:

5 (1) An officer or employee of any person contracting with  
6 the commission to supply gaming equipment or lottery  
7 tickets, provide advertising or consulting services,  
8 or to draw or otherwise select winning tickets or  
9 shares if the officer or employee is involved in the  
10 direct provision of goods or services to the  
11 commission or has access to information made  
12 confidential by the commission;

13 (2) A spouse, child, brother, sister, or parent residing  
14 as a member of the same household in the principal  
15 place of residence of a person described in paragraph  
16 (1); or

17 (3) The immediate supervisor of a person described in  
18 paragraph (1).

19 § -21 **Disposition of unclaimed prize money.** Unclaimed  
20 prize money for the prize on a winning lottery ticket or share  
21 shall be retained for the person entitled to the prize for one  
22 hundred eighty days after the drawing in which the prize was won



1 in the case of a drawing prize and for one hundred eighty days  
2 after the announced end of the game in question in the case of a  
3 prize determined in any manner other than by means of a drawing.  
4 If a claim is not made for the money within the applicable  
5 period, seventy per cent of the prize money shall be held in the  
6 state lottery prize fund for use as additional prizes in future  
7 games and thirty per cent shall be transferred to the education  
8 special fund established by section 302A- .

9       § -22 **Lottery redemption agents.** The director may  
10 retain redemption agents to perform functions, activities, or  
11 services in connection with the operation of the lottery,  
12 including direct payment of prizes not exceeding five thousand  
13 dollars, as the director deems advisable pursuant to this  
14 chapter and the rules adopted under this chapter. The director  
15 may make arrangements for payment of reasonable fees for those  
16 services. Notwithstanding any other law to the contrary, those  
17 functions, activities, or services shall constitute lawful  
18 functions, activities, and services of financial institutions  
19 licensed under chapter 412.

20       § -23 **Award of prize to certain persons prohibited.** No  
21 prize may be paid on any winning ticket or share to any person  
22 who is under twenty-one years of age.



1           §    -24   **State lottery revolving fund.**  There is  
2 established in the state treasury the state lottery revolving  
3 fund consisting of all revenues received from the sale of  
4 lottery tickets or shares, the fees, if any, charged pursuant to  
5 section     -4 and all other moneys credited or transferred from  
6 any other fund or source pursuant to statute, with the exception  
7 of those moneys set aside for payment of prizes and deposited as  
8 provided in section     -26.

9           §    -25   **Use of moneys in state lottery revolving fund;**  
10 **report.**  (a)  The moneys in the state lottery revolving fund  
11 shall be expended by the commission for the expenses of the  
12 commission incurred in carrying out its powers and duties and in  
13 the operation of the lottery.

14           (b)  Moneys remaining in the state lottery revolving fund  
15 each fiscal year after the expenditures made pursuant to  
16 subsection (a) shall go to the education special fund  
17 established in section 302A-     .

18           §    -26   **State lottery prize revolving fund; setoff for**  
19 **state debts; notification to department of economic security.**

20           (a)  There is established in the state treasury the state  
21 lottery prize revolving fund.  That portion of the gross  
22 proceeds which is set aside pursuant to section     -5(b) shall



1 be deposited, pursuant to chapter 38, to the credit of the state  
2 lottery prize revolving fund as the commission receives those  
3 proceeds and shall be available by the commission for payment of  
4 prizes to the holders of winning lottery tickets or shares or  
5 for the purposes provided for in section -21. Procedures for  
6 payments to winners from this revolving fund shall be  
7 established by rule or order of the commission. Notwithstanding  
8 any other law to the contrary, transfers or payments to or from  
9 the state lottery prize revolving fund, and deposits into the  
10 state lottery prize revolving fund, are not subject to  
11 appropriation by the legislature.

12 (b) Payments to winners that are payable by the commission  
13 or lottery redemption agents pursuant to this section in an  
14 amount of \$600 or more shall be subject to setoff under section  
15 -28.

16 (c) The commission shall provide the department of human  
17 services with the names and the social security numbers of  
18 persons who are paid lottery prizes or winnings in an amount of  
19 \$600 or more pursuant to this section for purposes described  
20 under section 346- . The department of human services shall  
21 reimburse the commission for the cost of providing the  
22 information.





1           §    -27   **Audit of accounts.**   The certified public  
2 accountant hired to perform the annual audit under section  
3       -5(a)(2) shall conduct postaudits of all accounts and  
4 transactions of the commission for each lottery game.   The  
5 certified public accountant conducting an audit under this  
6 chapter shall have access and authority to examine any and all  
7 records of the commission, its lottery redemption agents, and  
8 its licensed lottery sales agents.

9           §    -28   **Prizes; setoff for debts to state agencies;**  
10 **definitions.**   (a)   The commission shall establish a liability  
11 setoff program by which state lottery prize payments pursuant to  
12 section   -26 may be used to satisfy debts that a person owes  
13 the State.   The program shall comply with the standards and  
14 requirements described in this section.

15           (b)   If a person owes an agency a debt, an agency may  
16 notify the commission, providing at a minimum the state agency  
17 or program identifier, the first name, last name, middle  
18 initial, and social security number of the debtor, and the  
19 amount of the debt.   This information shall be in the form the  
20 commission prescribes.   Each agency shall certify the  
21 information and update the information monthly.   No information



1 may be transmitted by the department of taxation to the  
2 commission if the transmission would violate section 231-1.5.

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

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

21 (e) The basis for a request for review shall not include  
22 the validity of the claim if its validity has been established



1 at an agency hearing, by judicial review in a court of competent  
2 jurisdiction in this or any other state or by final  
3 administrative decision and shall state with specificity why the  
4 person claims the obligation does not exist or why the amount of  
5 the obligation is incorrect.

6 (f) The commission may prescribe a fee to be collected  
7 from each agency utilizing the setoff procedure. The amount of  
8 the fee shall reasonably reflect the actual cost of the service  
9 provided.

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

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

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



1 (j) As used in this section, the following terms shall  
2 have the meanings ascribed to them, unless the context dictates  
3 otherwise:

4 "Agency" means a department, agency, board, commission, or  
5 institution of this State. "Agency" also means a corporation  
6 under contract with this State that provides a service that  
7 would otherwise be provided by a department, agency, board,  
8 commission, or institution of this State if:

- 9 (1) The contract specifically authorizes participation in  
10 the liability setoff program;
- 11 (2) The attorney general's office has reviewed the  
12 contract and approves of the authorization; and
- 13 (3) The participation in the liability setoff program is  
14 limited to debts related to the services the  
15 corporation provides for or on behalf of this State.

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

21 "Overdue support" means a delinquency in court-ordered  
22 payments for support or maintenance of a child or for spousal



1 maintenance to the parent with whom the child is living if child  
2 support is also being enforced pursuant to an assignment or  
3 application fee filed under title 42 United States Code section  
4 654(6)."

5 SECTION 2. Chapter 302A, Hawaii Revised Statutes, is  
6 amended by adding a new section to part V, subpart B, to be  
7 appropriately designated and to read as follows:

8 "§302A- Education special fund. There is established  
9 an education special fund within the state treasury to be  
10 administered by the superintendent of education into which shall  
11 be deposited funds pursuant to sections -21 and -25.  
12 Moneys may be appropriated from the education special fund for  
13 any educational purpose upon approval by a two-thirds vote of  
14 each house of the legislature."

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

18 "§346- Eligibility of lottery prize winner to receive  
19 assistance; determination. (a) On receipt of the information  
20 provided by the state lottery commission pursuant to section  
21 -26(c), the director shall determine if the person is  
22 receiving assistance from any financial assistance program



1 administered by the department. If the person is receiving  
2 assistance, the director shall promptly redetermine the  
3 eligibility of that person to receive the assistance."

4 SECTION 4. Section 712-1220, Hawaii Revised Statutes, is  
5 amended by amending the definition of "gambling" to read as  
6 follows:

7 "(4) "Gambling". A person engages in gambling if he  
8 stakes or risks something of value upon the outcome of a contest  
9 of chance or a future contingent event not under his control or  
10 influence, upon an agreement or understanding that he or someone  
11 else will receive something of value in the event of a certain  
12 outcome. Gambling does not include: lottery tickets and other  
13 items used in the playing phases of lottery schemes overseen by  
14 the Hawaii state lottery commission; bona fide business  
15 transactions valid under the law of contracts, including but not  
16 limited to contracts for the purchase or sale at a future date  
17 of securities or commodities[7]; and agreements to compensate  
18 for loss caused by the happening of chance, including but not  
19 limited to contracts of indemnity or guaranty and life, health,  
20 or accident insurance."

21 SECTION 5. There is appropriated out of the general  
22 revenues of the State of Hawaii the sum of \$ or so



# H.B. NO. 1425

1 much thereof as may be necessary for fiscal year 2013-2014 for  
2 the operations of the Hawaii state lottery commission.

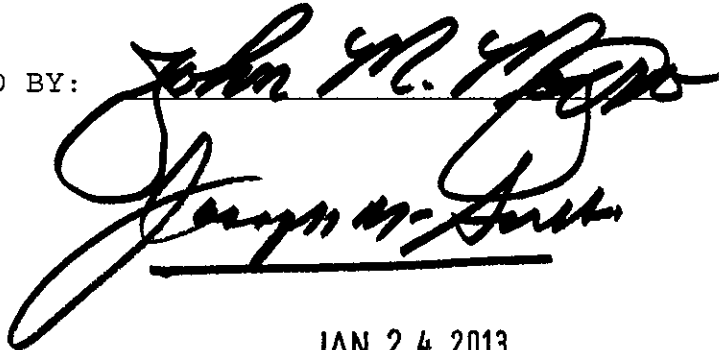
3 The sum appropriated shall be expended by the department of  
4 accounting and general services for the purposes of this Act.

5 SECTION 6. New statutory material is underscored.

6 SECTION 7. This Act shall take effect on July 1, 2013.

7

INTRODUCED BY:

  
The text shows two handwritten signatures in black ink. The first signature is 'John W. Waihee' and the second is 'Jayne M. Buckle'. Both signatures are written over a horizontal line.

JAN 24 2013



**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.*

