

JAN 21 2022

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# A BILL FOR AN ACT

RELATING TO A STATE LOTTERY.

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

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

4                               "CHAPTER

5                               STATE LOTTERY

6       § -1 Definitions. As used in this chapter, unless the  
7 context otherwise requires:

8       "Charitable organization" means any nonprofit organization,  
9 including not more than one auxiliary of that organization, that  
10 has operated for charitable purposes in this State for at least  
11 two years before submitting a license application under this  
12 chapter.

13       "Commission" or "lottery commission" means the Hawaii state  
14 lottery commission.

15       "Director" means the executive director of the Hawaii state  
16 lottery commission.



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 "Lottery" or "state lottery" means the lottery created and  
5 operated pursuant to this chapter.

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

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 § -2 Hawaii state lottery commission; membership;  
19 appointment; chairperson; reimbursement of expenses. (a) There  
20 is established within the department of accounting and general  
21 services for administrative purposes only a Hawaii state lottery



# S.B. NO. 2310

1 commission consisting of five members who shall be residents of  
2 this State and appointed as follows:

3 (1) One member shall be appointed by the governor;

4 (2) Two members shall be appointed by the president of the  
5 senate; and

6 (3) Two members shall be appointed by the speaker of the  
7 house of representatives.

8 The commission members shall annually elect one of the members  
9 to serve as chairperson of the commission.

10 (b) The members shall be as follows:

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

13 (2) At least one member of the commission shall have a  
14 minimum of five years' experience as a certified  
15 public accountant;

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

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



1 (c) Any member of the commission may be removed from  
2 office by the governor for cause upon notice and opportunity to  
3 be heard at a public hearing. The members of the lottery  
4 commission shall serve without compensation but shall be  
5 reimbursed for expenses, including travel expenses, necessary  
6 for the performance of their duties. The terms of the  
7 commissioners shall be as provided in section 26-34.

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

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

13 **§ -3 Executive director; appointment.** (a) The governor  
14 shall appoint an executive director who shall be a person  
15 qualified by training and experience to administer the state  
16 lottery.

17 (b) Effective December 1, 2022, the director of the  
18 commission shall be paid a salary set at eighty-seven per cent  
19 of the salary of the director of human resources development.  
20 The director shall be exempt from chapters 76 and 89, but shall  
21 be a member of the state employees' retirement system and shall



**S.B. NO. 2310**

1 be eligible to receive benefits of any state or federal employee  
2 benefits program generally applicable to officers and employees  
3 of the State, including those under chapter 87A.

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

7 (d) The director may employ persons not subject to  
8 chapters 76 and 78 to perform and execute the functions of the  
9 commission.

10 **§ -4 Commission; director; powers and duties.** (a) The  
11 commission shall meet with the director not less than once each  
12 quarter to make recommendations and set policy, receive reports  
13 from the director, and transact other business properly brought  
14 before the commission.

15 (b) The commission shall oversee a state lottery to  
16 produce the maximum amount of net revenue consistent with the  
17 dignity of the State. To achieve these ends, the commission  
18 shall authorize the director to adopt rules in accordance with  
19 chapter 91. Rules adopted by the director may include  
20 provisions relating to the following:



- 1           (1) Subject to the approval of the commission, the types  
2           of lottery games and the types of game play-styles to  
3           be conducted;
- 4           (2) The method of selecting the winning tickets or shares  
5           for noncomputerized online games; provided that no  
6           method may be used that, in whole or in part, depends  
7           on the results of a dog race, a horse race, or any  
8           sporting event;
- 9           (3) The manner of payment of prizes to the holders of  
10          winning tickets or shares, including providing for  
11          payment by the purchase of annuities in the case of  
12          prizes payable in installments; provided that the  
13          commission staff shall examine claims and may not pay  
14          any prize based on altered, stolen, or counterfeit  
15          tickets or based on any tickets that fail to meet  
16          established validation requirements, including rules  
17          stated on the ticket or in the published game rules,  
18          and confidential validation tests applied consistently  
19          by the commission staff. No particular prize in a  
20          lottery game may be paid more than once, and if a  
21          binding determination occurs in which more than one



1 person is entitled to a particular prize, the sole  
2 remedy of the claimants is the award to each of them  
3 of an equal portion of the single prize;

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

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

13 (6) The manner and amount of compensation to be paid to  
14 licensed sales agents necessary to provide for the  
15 adequate availability of tickets or shares to  
16 prospective buyers and for the convenience of the  
17 public, including provision for variable compensation  
18 based on sales volume; and

19 (7) Matters necessary or desirable for the efficient and  
20 economical operation and administration of the lottery  
21 and for the convenience of the purchasers of tickets



1 or shares and the holders of winning tickets or  
2 shares.

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

7 (1) The prices of tickets or shares in lottery games;

8 (2) The themes, game play-styles, and names of lottery  
9 games and definitions of symbols and other characters  
10 used in lottery games; provided that each ticket or  
11 share in a lottery game shall bear a unique  
12 distinguishable serial number;

13 (3) The sale of tickets or shares at a discount for  
14 promotional purposes;

15 (4) The prize structure of lottery games, including the  
16 number and size of prizes available. Available prizes  
17 may include free tickets in lottery games and  
18 merchandise prizes;

19 (5) The frequency of drawings, if any, or other selections  
20 of winning tickets or shares; provided that:

21 (A) All drawings shall be open to the public;





**S.B. NO. 2310**

(B) The actual selection of winning tickets or shares may not be performed by an employee or member of the commission; and

(C) Noncomputerized online game drawings shall be witnessed by an independent observer;

(6) Requirements for eligibility for participation in grand drawings or other runoff drawings, including requirements for the submission of evidence of eligibility within a shorter period than that provided for claims by section -21;

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

(8) The method used for the validation of a ticket, which may be by physical or electronic presentation of a ticket.

(d) Notwithstanding chapter 91 and subsection (b), the director, subject to the approval of the commission, may establish a policy, procedure, or practice that relates to an existing online game or a new online game that is the same type and has the same type of game play-style as an online game



1 currently being conducted by the lottery or may modify an  
2 existing rule for an existing online game or a new online game  
3 that is the same type and has the same type of game play-style  
4 as an online game currently being conducted by the lottery,  
5 including establishing or modifying the matrix for an online  
6 game by giving notice of the establishment or modification at  
7 least thirty days before the effective date of the establishment  
8 or modification.

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

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

15 (2) After the end of the claim period prescribed by  
16 section -21, a listing of the total number of  
17 tickets or shares sold and the number of prizes of  
18 each particular denomination awarded in each lottery  
19 game; and



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

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

(g) The commission, in addition to other games authorized by this chapter, shall establish two special games for each year to be conducted concurrently with other lottery games authorized under subsection (b). The moneys for prizes, for operating expenses, and for payment into the state general fund, as provided in section -25(b), shall be accounted for separately as nearly as practicable in the lottery commission's general accounting system. The moneys shall be derived from the revenues of the special games, and moneys for prizes shall not be expended from the lottery commission's annual appropriation, except as otherwise provided in section -5(d) and section -25. Moneys saved from the revenues of the special games, by



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

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

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



1           (j) Except as provided in subsection (d), the commission  
2 or director shall not establish or operate any online or  
3 electronic keno game or any game played on 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           §   -5   **Disposition of revenue.**   (a) Not more than  
13 eighteen and one-half per cent of the total annual revenues  
14 accruing from the sale of lottery tickets or shares and from all  
15 other sources, unless otherwise specified, and not more than  
16 thirty-five per cent of the total annual revenues from the sale  
17 of special instant ticket games authorized under section   -4(i)  
18 shall be deposited in the state lottery revolving fund  
19 established by section   -24 to be expended for the following:

20           (1) The payment of costs incurred in the operation and  
21               administration of the lottery, including the expenses



1 of the commission and the costs resulting from any  
2 contract or contracts entered into for consulting or  
3 operational services;

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

6 (3) Incentive programs for lottery sales agents and  
7 lottery employees;

8 (4) Payment of compensation to licensed sales agents  
9 necessary to provide for the adequate availability of  
10 lottery tickets or services to prospective buyers and  
11 for the convenience of the public. Except as  
12 otherwise provided in this subsection, compensation of  
13 licensed sales agents shall be at least five and one-  
14 half per cent but not more than eight per cent of the  
15 price of each lottery ticket or share that a retail  
16 sales agent sells in instant games and online games,  
17 less the price of any lottery tickets or shares that  
18 are voided;

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



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

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

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

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

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



1           §   -6 Powers and duties of director. In addition to any  
2 other powers and duties authorized in this chapter, the director  
3 shall:

4           (1) Supervise and administer the operation of the lottery  
5               in accordance with this chapter and the rules adopted  
6               under this chapter, subject to the continuous duty to  
7               take into account the particularly sensitive and  
8               responsible nature of the commission's functions;

9           (2) Enforce this chapter and the rules adopted under this  
10              chapter. The director shall receive allegations of  
11              any violations of the laws of this State or rules  
12              pertaining to the conduct of the lottery;

13          (3) Pursuant to this chapter and the rules adopted by the  
14              commission, license as agents to sell lottery tickets  
15              persons that shall best serve the public convenience  
16              and promote the sale of lottery tickets or shares;

17          (4) Hire professional, clerical, technical, and  
18              administrative personnel as may be necessary to carry  
19              out this chapter. The director shall conduct  
20              background checks of prospective employees, and, in  
21              all employment decisions, shall take into account the





particularly sensitive and responsible nature of the  
operation of the state lottery;

(5) Act as secretary and executive officer of the  
commission;

(6) Confer regularly as necessary or desirable and not  
less than once every quarter with the commission on  
the operation and administration of the lottery;

(7) Make available for inspection by the commission, upon  
request, all books, records, files, and other  
information and documents of the commission;

(8) Advise the commission and recommend matters as are  
necessary and advisable to improve the operation and  
administration of the lottery;

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

(10) Within thirty days after receiving an allegation of a  
violation of the laws of this State or rules  
pertaining to the conduct of the lottery by a licensed  
agent and evidence substantiating the allegation,



1           determine whether the agent has violated the rules or  
2           if a criminal investigation is warranted.

3           §   -7   **Monthly reports; annual reports.**   (a)   The director  
4   shall submit a monthly report to the commission, the governor,  
5   and the legislature.   The monthly report shall include the total  
6   lottery revenue, prize disbursements, and other expenses for the  
7   preceding month.

8           (b)   The commission shall submit an annual report to the  
9   governor and the legislature not less than twenty days before  
10   the convening of each regular session.   The annual report shall  
11   include a full and complete statement of lottery revenues, prize  
12   disbursements, and other expenses for the preceding years, and  
13   recommendations, including any proposed legislation, that the  
14   commission deems necessary or desirable.

15          §   -8   **Studies and investigations.**   (a)   The director  
16   shall conduct an ongoing study and investigation of the lottery  
17   for the following purposes:

- 18           (1)   To ascertain any provisions in this chapter or in its  
19                  rules through which any abuses in the administration  
20                  and operation of the lottery or any evasion of this  
21                  chapter or its rules may arise or be practiced;



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

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

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

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

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

Notwithstanding any law to the contrary, the director may:

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



**S.B. NO. 2310**

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

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

(b) The lottery commission shall be exempt from chapter 103D for procurement relating to the design and operation of the lottery or purchase of lottery equipment, lottery tickets, and related materials. The director shall adopt rules substantially equivalent to the policies and procedures in chapter 103D for procurement relating to the design and operation of the lottery or purchases of lottery equipment, lottery tickets, or related materials. All other procurement shall be as specified by chapter 103D. Bids received under this section may be deemed confidential in whole or in part by the director if required to protect the sensitive and responsible nature of the commission's functions and the paramount considerations of security and integrity.

(c) Any award made by the director pursuant to this section becomes effective and binding on the commission unless it is rejected by the commission at a meeting held within



1 fourteen calendar days after the award is communicated to the  
2 members of the commission.

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

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

11 (a) The lottery commission shall maintain operations  
12 responsible for security. The director shall appoint a security  
13 officer to supervise the security operations of the commission.

14 (b) The security operations unit of the lottery commission  
15 shall be deemed a law enforcement agency and the supervising  
16 security officer shall be designated a peace officer. The  
17 status as a law enforcement agency or as a peace officer shall  
18 be for the limited purpose of receiving investigative  
19 information from law enforcement agencies pertaining to  
20 investigations of lottery activities.



1           §   -11 Department of the attorney general; investigation;  
2 authority; payment. The attorney general shall order an  
3 investigation into any violation of a state law that pertains to  
4 the conduct of the state lottery. The director shall include in  
5 the commission's overhead expenses and pay, upon certified  
6 invoice submitted by the attorney general, any charges for  
7 actual expenses as a result of investigations and related law  
8 enforcement activities, or for any activity directly or  
9 indirectly related to the lottery operation. The charges may  
10 include costs for personnel, supplies, materials, equipment, and  
11 travel within or without the State.

12          §   -12 Licenses to sell tickets or shares; fee;  
13 conditions; definitions. (a) The director shall not issue a  
14 license to operate as a lottery sales agent to any person who  
15 engages exclusively in the business of selling lottery tickets  
16 or shares. Before issuing a license to operate as a lottery  
17 sales agent to any person, the director shall consider factors  
18 including:

- 19           (1) The financial responsibility and security of the  
20               person and the nature of the person's business  
21               activity;



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

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

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

(5) The volume of expected sales.

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

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

(d) No license shall be assignable or transferable.

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

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

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



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

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

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





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

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

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

(c) As used in this section, "prosecution costs" may include but are not limited to costs for personnel, expenses,



1 fees, and other costs necessary in the preparation and  
2 prosecution of a person charged with a violation of this  
3 chapter.

4       §   -14   Right to prize not assignable; exceptions.   (a)

5 The right of any person to a prize shall not be assignable;  
6 provided that:

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

9           (A)   The estate of a deceased prize winner;

10          (B)   The beneficiary of a deceased prize winner; or

11          (C)   A person pursuant to an appropriate judicial  
12 order;

13       (2)   Payments to winners in an amount of \$600 or more are  
14 subject to setoff pursuant to section   -28; and

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

20           (A)   The prize winner provides an affidavit to the

21 court to the effect that the affiant is of sound



1 mind, not acting under duress, and has received  
2 independent financial and tax advice concerning  
3 the assignment;

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

8 (C) The parties to the assignment pay a fee to the  
9 commission to defray the expenses incurred by the  
10 commission in processing the assignment. The  
11 commission shall determine the amount of the fee.  
12 Moneys collected by the commission pursuant to  
13 this subparagraph shall be deposited in the state  
14 lottery revolving fund established by  
15 section -24.

16 (b) On receipt of a court order that meets the  
17 requirements of subsection (a)(3), the director shall make the  
18 voluntary assignment.

19 (c) The commission and director shall be discharged of all  
20 further liability upon payment of a prize pursuant to this  
21 section.



1           §    -15   Sale at unauthorized price or by unauthorized  
2   persons; violation; classification. (a) No person shall sell a  
3   ticket or share at a price greater than that fixed by rule. No  
4   person other than a licensed lottery sales agent or any employee  
5   of a licensed lottery sales agent acting within the scope of the  
6   employee's employment shall sell lottery tickets or shares.  
7   This section shall not prohibit a person from giving lottery  
8   tickets or shares to another person as a gift; provided that the  
9   person receiving the lottery tickets meets the eligibility  
10   requirements of section   -23.

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

13           §    -16   Sale of tickets or shares to underage persons;  
14   violation; classification. (a) No person shall sell or offer  
15   to sell a lottery ticket or share to any person who is under the  
16   age of twenty-one years.

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

19           §    -17   Sale to persons using state-issued electronic  
20   benefits transfer cards; violation; classification. (a) No  
21   licensed lottery sales agent shall sell a lottery ticket or



1 share to a person who uses either a public assistance voucher  
2 issued by any public entity or an electronic benefits transfer  
3 card issued by the department of human services to purchase the  
4 lottery ticket or share.

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

10 (c) A violation of this section shall be a misdemeanor.

11 **§ -18 Purchase of lottery tickets or shares by persons**  
12 **under twenty-one years of age; penalty.** (a) No person under  
13 twenty-one years of age shall purchase a lottery ticket or  
14 share.

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

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



1           §    -20   Purchase of tickets and receipt of prizes by  
2   certain persons prohibited. (a) A lottery ticket or share  
3   shall not be purchased by and a prize shall not be paid to an  
4   officer or employee of the commission or to any spouse, child,  
5   brother, sister, or parent residing as a member of the same  
6   household in the principal place of residence of the officer or  
7   employee.

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

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

18          (2) A spouse, child, brother, sister, or parent residing  
19               as a member of the same household in the principal  
20               place of residence of a person described in paragraph  
21               (1); or



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

**§ -21 Disposition of unclaimed prize money.** Unclaimed prize money for the prize on a winning lottery ticket or share shall be retained for the person entitled to the prize for one hundred eighty days after the:

(1) Drawing in which the prize was won; and

(2) Announced end of the game in question in the case of a prize determined in any manner other than by means of a drawing.

If a claim is not made for the money within the applicable period, seventy per cent of the prize money shall be held in the state lottery prize revolving fund for use as additional prizes in future games and thirty per cent shall be transferred to the state general fund.

**§ -22 Lottery redemption agents.** The director may retain redemption agents to perform functions, activities, or services in connection with the operation of the lottery, including direct payment of prizes not exceeding \$5,000, as the director deems advisable pursuant to this chapter and the rules adopted under this chapter. The director may make arrangements



1 for payment of reasonable fees for those services.

2 Notwithstanding any other law to the contrary, the functions,  
3 activities, or services described in this section 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.** No  
7 prize may be paid on any winning ticket or share to any person  
8 who is under twenty-one years of age.

9       **§ -24 State lottery revolving fund.** There is  
10 established in the state treasury the state lottery revolving  
11 fund consisting of revenues received from the sale of lottery  
12 tickets or shares, the fees, if any, established in rules  
13 adopted pursuant to chapter 91 and all other moneys credited or  
14 transferred from any other fund or source pursuant to statute,  
15 with the exception of those moneys set aside for payment of  
16 prizes and deposited as provided in section -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.





(b) All moneys in excess of \$                    remaining on balance in the state lottery revolving fund at the close of each fiscal year shall be deposited into the pest inspection, quarantine, and eradication fund established under section 150A-4.5 to prevent the introduction, and control the spread of, invasive species.

§ -26 State lottery prize revolving fund; setoff for state debts; notification to department of human services. (a) There is established in the state treasury the state lottery prize revolving fund. That portion of the gross proceeds that is set aside pursuant to section -5(b) shall be deposited, pursuant to chapter 38, to the credit of the state lottery prize revolving fund as the commission receives those proceeds and shall be available by the commission for payment of prizes to the holders of winning lottery tickets or shares or for the purposes provided for in section -21. Procedures for payments to winners from this revolving fund shall be established by rule or order of the commission. Notwithstanding any other law to the contrary, transfers or payments to or from the state lottery prize revolving fund, and deposits into the state lottery prize



1 revolving fund, are not subject to appropriation by the  
2 legislature.

3 (b) Payments to winners that are payable by the commission  
4 or lottery redemption agents pursuant to this section in an  
5 amount of \$600 or more shall be subject to setoff under section  
6 -28.

7 (c) The commission shall provide the department of human  
8 services with the names and the social security numbers of  
9 persons who are paid lottery prizes or winnings in an amount of  
10 \$600 or more pursuant to this section for purposes described  
11 under section 346-. The department of human services shall  
12 reimburse the commission for the cost of providing the  
13 information.

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



1           §     -28   Prizes; setoff for debts to state agencies;

2   **definitions.**   (a)   The commission shall establish a liability  
3   setoff program by which state lottery prize payments pursuant to  
4   section     -26 may be used to satisfy debts that a person owes  
5   the State.   The program shall comply with the standards and  
6   requirements described in this section.

7           (b)   If a person owes an agency a debt, an agency may  
8   notify the commission, providing at a minimum the state agency  
9   or program identifier, the first name, last name, middle  
10   initial, and social security number of the debtor, and the  
11   amount of the debt.   This information shall be in the form the  
12   commission prescribes.   Each agency shall certify the  
13   information and update the information monthly.   No information  
14   may be transmitted by the department of taxation to the  
15   commission if the transmission would violate section 231-1.5.

16          (c)   The commission shall match the information submitted  
17   by the agency with persons who are entitled to a state lottery  
18   prize payment in an amount of \$600 or more.   If there is a  
19   match, the commission shall set off the amount of the debt from  
20   the prize due and notify the person of the person's right to  
21   appeal to the appropriate court, or to request a review by the



1 agency pursuant to agency rule. The person shall make the  
2 request or appeal within thirty days after the setoff. If the  
3 setoff accounts for only a portion of the prize due, the  
4 remainder of the prize shall be paid to the person. The  
5 commission shall promptly transfer the setoff, less the amount  
6 of the commission's fee, to the agency.

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

13 (e) The basis for a request for review shall not include  
14 the validity of the claim if its validity has been established  
15 at an agency hearing, by judicial review in a court of competent  
16 jurisdiction in this or any other state, or by final  
17 administrative decision and shall state with specificity the  
18 reason that the person claims the obligation does not exist or  
19 that the amount of the obligation is incorrect.

20 (f) The commission may prescribe a fee to be collected  
21 from each agency that uses the setoff procedure. The amount of



1 the fee shall reasonably reflect the actual cost of the service  
2 provided.

3 (g) If more than one agency has one or more delinquent  
4 accounts for the same person, the commission shall apportion the  
5 prize equally among the agencies, except that a setoff to the  
6 department of human services for overdue support has priority  
7 over all other setoffs.

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

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

15 (j) As used in this section:

16 "Agency" means a department, agency, board, commission, or  
17 institution of this State. "Agency" also means a corporation  
18 under contract with this State that provides a service that  
19 would otherwise be provided by a department, agency, board,  
20 commission, or institution of this State if:



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

3 (2) The attorney general has reviewed the contract and  
4 approved the authorization; and

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

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

13 "Overdue support" means a delinquency in court-ordered  
14 payments for support or maintenance of a child or for spousal  
15 maintenance to the parent with whom the child is living if child  
16 support is also being enforced pursuant to an assignment or  
17 application fee filed under title 42 United States Code section  
18 654(6)."

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



1       "§346-     Eligibility of lottery prize winner to receive  
2 assistance; determination.   On receipt of the information  
3 provided by the state lottery commission pursuant to section  
4       -26(c), the director shall determine if the person is  
5 receiving assistance from any financial assistance program  
6 administered by the department.   If the person is receiving  
7 assistance, the director shall promptly evaluate the eligibility  
8 of that person to receive the assistance."

9       SECTION 3.   Section 712-1220, Hawaii Revised Statutes, is  
10 amended by amending the definition of "gambling" to read as  
11 follows:

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



1 for the purchase or sale at a future date of securities or  
2 commodities~~[7]~~i; and agreements to compensate for loss caused by  
3 the happening of chance, including ~~[but not limited to]~~  
4 contracts of indemnity or guaranty and life, health, or accident  
5 insurance."

6 SECTION 4. 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 2022-2023 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 5. Statutory material to be repealed is bracketed  
13 and stricken. New statutory material is underscored.

14 SECTION 6. This Act shall take effect upon its approval;  
15 provided that section 4 shall take effect on July 1, 2022.

16  
INTRODUCED BY: Clarence K. Iisaka





# S.B. NO. 2310

**Report Title:**

State Lottery; Appropriation

**Description:**

Establishes a state lottery commission to implement a lottery of which excess proceeds are deposited into the pest inspection, quarantine, and eradication fund to prevent the introduction of, and control the spread of, invasive species. Authorizes the commission to establish multistate lottery games. Appropriates funds.

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

