



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



# H.B. NO. 348

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.

4 The members of the lottery commission shall serve without  
5 compensation but shall be reimbursed for expenses, including  
6 travel expenses, necessary for the performance of their duties.  
7 The terms of the commissioners shall be as provided in section  
8 26-34.

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

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

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

18 (b) Effective December 1, 2017, the director of the  
19 commission shall be paid a salary set at eighty-seven per cent  
20 of the salary of the director of human resources development.  
21 The director shall be exempt from chapters 76 and 89, but shall



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

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

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

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

16 (b) The commission shall oversee a state lottery to  
17 produce the maximum amount of net revenue consistent with the  
18 dignity of the State. To achieve these ends, the commission  
19 shall authorize the director to adopt rules in accordance with  
20 chapter 91. Rules adopted by the director may include  
21 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;



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

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

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

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

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

17 (d) Notwithstanding chapter 91 and subsection (b), the  
18 director, subject to the approval of the commission, may  
19 establish a policy, procedure, or practice that relates to an  
20 existing online game or a new online game that is the same type  
21 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



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

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

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



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

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

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

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

19          (d) Except for moneys for prizes expended as provided in  
20          section -4(g), revenues expended under subsection (a) shall be  
21          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



- 1           particularly sensitive and responsible nature of the  
2           operation of the state lottery;
- 3           (5) Act as secretary and executive officer of the  
4           commission;
- 5           (6) Confer regularly as necessary or desirable and not  
6           less than once every quarter with the commission on  
7           the operation and administration of the lottery;
- 8           (7) Make available for inspection by the commission, upon  
9           request, all books, records, files, and other  
10          information and documents of the commission;
- 11          (8) Advise the commission and recommend matters as are  
12          necessary and advisable to improve the operation and  
13          administration of the lottery;
- 14          (9) Suspend or revoke any license issued pursuant to this  
15          chapter or the rules adopted pursuant to this chapter,  
16          subject to appeal to the commission; and
- 17          (10) Within thirty days after receiving an allegation of a  
18          violation of the laws of this State or rules  
19          pertaining to the conduct of the lottery by a licensed  
20          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;



- 1           (2) To formulate recommendations for changes to this
- 2           chapter;
- 3           (3) To guard against the use of this chapter and the rules
- 4           as a pretext for organized gambling and crime; and
- 5           (4) To ensure that this chapter and its rules are in a
- 6           form and are administered to serve the true purposes
- 7           of this chapter.

8           (b) The director shall conduct an ongoing study and

9 investigation of the operation and the administration of lottery

10 laws in effect in other states or countries, any literature on

11 the subject that may be published or available, any federal laws

12 that may affect the operation of the lottery, and the reaction

13 of residents to existing and potential features of the lottery

14 in order to recommend or effect changes that will tend to serve

15 the purposes of this chapter.

16           §   -9   **Contracts; limitation; restrictions.**   (a)

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

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



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

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

6           (b) The lottery commission shall be exempt from chapter  
7 103D for procurement relating to the design and operation of the  
8 lottery or purchase of lottery equipment, lottery tickets, and  
9 related materials. The director shall adopt rules substantially  
10 equivalent to the policies and procedures in this chapter for  
11 procurement relating to the design and operation of the lottery  
12 or purchases of lottery equipment, lottery tickets, or related  
13 materials. All other procurement shall be as specified by  
14 chapter 103D. Bids received under this section may be deemed  
15 confidential in whole or in part by the director if required to  
16 protect the sensitive and responsible nature of the commission's  
17 functions and the paramount considerations of security and  
18 integrity.

19           (c) Any award made by the director pursuant to this  
20 section becomes effective and binding on the commission unless  
21 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 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;



- 1           (2) The person's background and reputation in the  
2           community;
- 3           (3) The accessibility of the person's place of business or  
4           activity to the public;
- 5           (4) The accessibility of existing licensees to serve the  
6           public convenience; and
- 7           (5) The volume of expected sales.
- 8           (b) A person lawfully engaged in nongovernmental business  
9 on state property may be licensed as a lottery sales agent.
- 10          (c) The director may establish by rule and collect a fee  
11 for a license issued pursuant to this section.
- 12          (d) No license shall be assignable or transferable.
- 13          (e) A licensed lottery sales agent or licensed lottery  
14 sales agent's employee may sell lottery tickets or shares only  
15 on the premises stated in the license of the agent.
- 16          (f) The director may purchase a blanket bond covering the  
17 activities of licensed lottery sales agents.
- 18          (g) A licensed lottery sales agent shall display the  
19 agent's license or a copy of the license conspicuously in  
20 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.



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

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

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

20           (c) As used in this section, "prosecution costs" may  
21 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;

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 section -  
15 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 minors or**  
12 **persons under twenty-one years of age; penalty.** (a) No person  
13 under 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



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

3           §    **-21 Disposition of unclaimed prize money.** Unclaimed  
4 prize money for the prize on a winning lottery ticket or share  
5 shall be retained for the person entitled to the prize for one  
6 hundred eighty days after the drawing in which the prize was won  
7 in the case of a drawing prize and for one hundred eighty days  
8 after the announced end of the game in question in the case of a  
9 prize determined in any manner other than by means of a drawing.  
10 If a claim is not made for the money within the applicable  
11 period, seventy per cent of the prize money shall be held in the  
12 state lottery prize revolving fund for use as additional prizes  
13 in future games and thirty per cent shall be transferred to the  
14 state general fund.

15           §    **-22 Lottery redemption agents.** The director may  
16 retain redemption agents to perform functions, activities, or  
17 services in connection with the operation of the lottery,  
18 including direct payment of prizes not exceeding \$5,000, as the  
19 director deems advisable pursuant to this chapter and the rules  
20 adopted under this chapter. The director may make arrangements  
21 for payment of reasonable fees for those services.



1 Notwithstanding any other law to the contrary, the functions,  
2 activities, or services described in this section shall  
3 constitute lawful functions, activities, and services of  
4 financial institutions licensed under chapter 412.

5       §   -23   **Award of prize to certain persons prohibited.** No  
6 prize may be paid on any winning ticket or share to any person  
7 who is under twenty-one years of age.

8       §   -24   **State lottery revolving fund.** There is  
9 established in the state treasury the state lottery revolving  
10 fund consisting of revenues received from the sale of lottery  
11 tickets or shares, the fees, if any, charged pursuant to section  
12     -4 and all other moneys credited or transferred from any  
13 other fund or source pursuant to statute, with the exception of  
14 those moneys set aside for payment of prizes and deposited as  
15 provided in section   -26.

16       §   -25   **Use of moneys in state lottery revolving fund;**  
17 **report.** (a) The moneys in the state lottery revolving fund  
18 shall be expended by the commission for the expenses of the  
19 commission incurred in carrying out its powers and duties and in  
20 the operation of the lottery.



1 (b) All moneys in excess of \$ remaining on balance  
2 in the state lottery revolving fund at the close of each fiscal  
3 year shall lapse to the credit of the state general fund.

4 § -26 State lottery prize revolving fund; setoff for  
5 state debts; notification to department of human services. (a)

6 There is established in the state treasury the state lottery  
7 prize revolving fund. That portion of the gross proceeds that  
8 is set aside pursuant to section -5(b) shall be deposited,  
9 pursuant to chapter 38, to the credit of the state lottery prize  
10 revolving fund as the commission receives those proceeds and  
11 shall be available by the commission for payment of prizes to  
12 the holders of winning lottery tickets or shares or for the  
13 purposes provided for in section -21. Procedures for payments  
14 to winners from this revolving fund shall be established by rule  
15 or order of the commission. Notwithstanding any other law to  
16 the contrary, transfers or payments to or from the state lottery  
17 prize revolving fund, and deposits into the state lottery prize  
18 revolving fund, are not subject to appropriation by the  
19 legislature.

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



1 amount of \$600 or more shall be subject to setoff under section  
2 -28.

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

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

18 § -28 **Prizes; setoff for debts to state agencies;**  
19 **definitions.** (a) The commission shall establish a liability  
20 setoff program by which state lottery prize payments pursuant to  
21 section -26 may be used to satisfy debts that a person owes



1 the State. The program shall comply with the standards and  
2 requirements described in this section.

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

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



1 commission shall promptly transfer the setoff, less the amount  
2 of the commission's fee, to the agency.

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

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

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

20 (g) If more than one agency has one or more delinquent  
21 accounts for the same person, the commission shall apportion the



1 prize equally among them, except that a setoff to the department  
2 of human services for overdue support has priority over all  
3 other setoffs.

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

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

11 (j) As used in this section:

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

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

19 (2) The attorney general has reviewed the contract and  
20 approved the authorization; and



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

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

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

15          SECTION 2. 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. 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



1 receiving assistance from any financial assistance program  
2 administered by the department. If the person is receiving  
3 assistance, the director shall promptly evaluate the eligibility  
4 of that person to receive the assistance."

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

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



# H.B. NO. 348

1 SECTION 4. There is appropriated out of the general  
2 revenues of the State of Hawaii the sum of \$ or so much  
3 thereof as may be necessary for fiscal year 2017-2018 and the  
4 same sum or so much thereof as may be necessary for fiscal year  
5 2018-2019 for the operations of the Hawaii state lottery  
6 commission.

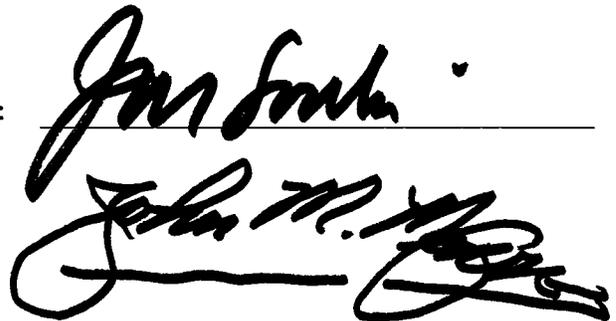
7 The sums appropriated shall be expended by the department  
8 of accounting and general services for the purposes of this Act.

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

11 SECTION 6. This Act shall take effect upon its approval;  
12 provided that section 4 shall take effect on July 1, 2017.

13

INTRODUCED BY:



JAN 20 2017



# H.B. NO. 348

**Report Title:**

State Lottery; Appropriation

**Description:**

Establishes a state lottery commission to implement a lottery, the proceeds of which would be deposited into the state general fund. 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.*

