

CHAPTER 99G

IOWA LOTTERY

Referred to in [§99A.10](#), [99B.1](#), [99F.2](#), [123.49](#), [232C.4](#), [421.17](#), [422.16](#), [423.3](#), [537A.4](#), [714B.10](#), [725.9](#), [725.15](#)

For provisions relating to the transition of authority from the former Iowa lottery authority to the department of revenue, see 2023 Acts, ch 19, §2350

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99G.1 Title.

This chapter may be cited as the “Iowa Lottery Act”.

[2003 Acts, ch 178, §63, 121](#); [2003 Acts, ch 179, §142](#); [2023 Acts, ch 19, §2296](#)

Section amended

99G.2 Statement of purpose and intent.

The general assembly finds and declares the following:

1. That net proceeds of lottery games conducted pursuant to [this chapter](#) should be transferred to the general fund of the state in support of a variety of programs and services.
2. That lottery games shall be operated and managed in a manner that provides continuing entertainment to the public, maximizes revenues, and ensures that the lottery is operated with integrity and dignity and free from political influence.

[2003 Acts, ch 178, §64, 121](#); [2003 Acts, ch 179, §142](#); [2023 Acts, ch 19, §2297](#)

Subsection 2 stricken and former subsection 3 renumbered as 2

99G.3 Definitions.

As used in [this chapter](#), unless the context clearly requires otherwise:

1. “Administrative expenses” includes, but is not limited to, personnel costs, travel, purchase of equipment, and all other expenses not directly associated with the operation or sale of a game.
2. “Administrator” means the administrator of the Iowa lottery appointed pursuant to [section 99G.5](#).
3. “Board” means the board of directors of the Iowa lottery created in [section 99G.8](#).
4. “Department” means the department of revenue.
5. “Director” means the director of the department of revenue or the director’s designee.
6. “Division” means the Iowa lottery division of the department of revenue.

7. “*Game specific rules*” means rules governing the particular features of specific games, including, but not limited to, setting the name, ticket price, prize structure, and prize claim period of the game.

8. “*Instant lottery*” or “*instant ticket*” means a game that offers preprinted tickets such that when a protective coating is scratched or scraped away, it indicates immediately whether the player has won.

9. “*Lottery*”, “*lotteries*”, “*lottery game*”, “*lottery games*”, or “*lottery products*” means any game of chance approved and operated pursuant to [this chapter](#) and games using mechanical or electronic devices, provided that the division shall not authorize a monitor vending machine or a player-activated gaming machine that utilizes an internal randomizer to determine winning and nonwinning plays and that upon random internal selection of a winning play dispenses coins, currency, or a ticket, credit, or token to the player that is redeemable for cash or a prize, and excluding gambling or gaming conducted pursuant to [chapter 99B](#), [99D](#), or [99F](#).

10. “*Major procurement contract*” means a consulting agreement or a contract with a business organization for the printing of tickets or the purchase or lease of equipment or services essential to the operation of a lottery game.

11. “*Monitor vending machine*” means a machine or other similar electronic device that includes a video monitor and audio capabilities that dispenses to a purchaser lottery tickets that have been determined to be winning or losing tickets by a predetermined pool drawing machine prior to the dispensing of the tickets.

12. “*Net proceeds*” means all revenue derived from the sale of lottery tickets or shares and all other moneys derived from the lottery, less operating expenses.

13. “*On-line lotto*” means a lottery game connected to a central computer via telecommunications in which the player selects a specified group of numbers, symbols, or characters out of a predetermined range.

14. “*Operating expenses*” means all costs of doing business, including, but not limited to, prizes and associated prize reserves, computerized gaming system vendor expense, instant and pull-tab ticket expense, and other expenses directly associated with the operation or sale of any game, compensation paid to retailers, advertising and marketing costs, and administrative expenses.

15. “*Pull-tab ticket*” or “*pull-tab*” means a game that offers preprinted paper tickets with the play data hidden beneath a protective tab or seal that when opened reveals immediately whether the player has won.

16. “*Retailer*” means a person who sells lottery tickets or shares on behalf of the division pursuant to a license issued by the department.

17. “*Self-service kiosk*” means a machine or other similar electronic device that dispenses only on-line lotto tickets, instant tickets, pull-tab tickets, or other printed lottery products, and that does not provide a visual or audio representation of lottery game play. A “*self-service kiosk*” is not a monitor vending machine or player-activated gaming machine for purposes of [this chapter](#).

18. “*Share*” means any intangible evidence of participation in a lottery game.

19. “*Ticket*” means any tangible evidence issued by the lottery to provide participation in a lottery game.

20. “*Vendor*” means a person who provides or proposes to provide goods or services to the department pursuant to a major procurement contract, but does not include an employee of the department under [this chapter](#), a retailer, or a state agency or instrumentality thereof.

2003 Acts, ch 178, §65, 121; 2003 Acts, ch 179, §142; 2006 Acts, ch 1005, §1, 2, 4, 5; 2016 Acts, ch 1031, §1, 3; 2021 Acts, ch 94, §1; 2023 Acts, ch 19, §2298 – 2300; 2023 Acts, ch 108, §53

Referred to in §725.12

Section amended and editorially internally renumbered

99G.4 Iowa lottery created.

1. An Iowa lottery is created which shall be administered by the division.
2. The income and property of the department under [this chapter](#) shall be exempt from all

state and local taxes, and the sale of lottery tickets and shares issued and sold by the division and its retail licensees shall be exempt from all state and local sales taxes.

[2003 Acts, ch 178, §66, 121](#); [2003 Acts, ch 179, §142](#); [2023 Acts, ch 19, §2302](#)

Section amended

99G.5 Lottery administrator.

1. An administrator of the lottery under [this chapter](#) shall be appointed by the governor subject to confirmation by the senate and shall serve at the pleasure of the governor. The administrator shall be qualified by training and experience to manage a lottery.

2. The salary of the lottery administrator shall be set by the governor within the applicable salary range established by the general assembly.

3. The lottery administrator shall be an employee of the department and shall direct the day-to-day operations and management of the lottery under [this chapter](#) as specified by the director.

[2003 Acts, ch 178, §67, 121](#); [2003 Acts, ch 179, §142](#); [2023 Acts, ch 19, §2303](#)

Referred to in [§99G.3](#)

Confirmation, see [§2.32](#)

Section stricken and rewritten

99G.6 Power to administer oaths and take testimony — subpoena.

The administrator or the administrator's designee if authorized to conduct an inquiry, investigation, or hearing under [this chapter](#) may administer oaths and take testimony under oath relative to the matter of inquiry, investigation, or hearing. At a hearing ordered by the administrator, the administrator or the designee may subpoena witnesses and require the production of records, paper, or documents pertinent to the hearing.

[2003 Acts, ch 178, §68, 121](#); [2003 Acts, ch 179, §142](#); [2023 Acts, ch 19, §2304](#)

Section amended

99G.7 Duties of the administrator.

1. The administrator shall direct and supervise all administrative and technical activities in accordance with the provisions of [this chapter](#) and with the administrative rules, policies, and procedures adopted by the board. The administrator shall do all of the following:

- a. Facilitate the initiation and supervise and administer the operation of the lottery games.
- b. Promote or provide for promotion of the lottery and any functions related to the division under [this chapter](#).
- c. Prepare a budget for the approval of the director for activities of the division under [this chapter](#).
- d. Require bond from such retailers and vendors in such amounts as required by the division.
- e. Report semiannually to the general assembly's standing committees on government oversight regarding the operations of the division.
- f. Report quarterly and annually to the board, the governor, the auditor of state, and the general assembly a full and complete statement of lottery revenues and expenses for the preceding quarter, and with respect to the annual report, for the preceding year, and transfer proceeds to the general fund within thirty days following the end of the quarter.
- g. Perform other duties as necessary to administer [this chapter](#).

2. The administrator shall conduct an ongoing study of the operation and administration of lottery laws similar to [this chapter](#) in other states or countries, of available literature on the subject, of federal laws and regulations which may affect the operation of the lottery and of the reaction of citizens of this state to existing or proposed features of lottery games with a view toward implementing improvements that will tend to serve the purposes of [this chapter](#).

3. The director may for good cause suspend, revoke, or refuse to renew any contract entered into in accordance with the provisions of [this chapter](#) or the administrative rules, policies, and procedures of the board.

4. The administrator or the administrator's designee may conduct hearings and

administer oaths to persons for the purpose of assuring the security or integrity of lottery operations or to determine the qualifications of or compliance by vendors and retailers.

2003 Acts, ch 178, §69, 121; 2003 Acts, ch 179, §142; 2010 Acts, ch 1069, §10; 2023 Acts, ch 19, §2305 – 2308

Subsection 1, unnumbered paragraph 1 amended

Subsection 1, paragraphs b and c stricken and former paragraphs d – g amended and redesignated as b – e

Subsection 1, paragraph h redesignated as f

Subsection 1, paragraph i amended and redesignated as g

Subsections 2 – 4 amended

99G.8 Board of directors.

1. A board of directors comprised of five members appointed by the governor subject to confirmation by the senate is created within the department. Board members appointed when the senate is not in session shall serve only until the end of the next regular session of the general assembly, unless confirmed by the senate.

2. Board members shall serve staggered terms of four years beginning and ending as provided in [section 69.19](#). No more than three board members shall be from the same political party.

3. Board members may be removed by the governor for neglect of duty, misfeasance, or nonfeasance in office.

4. No officer or employee of the department shall be a member of the board.

5. Board members shall be residents of the state of Iowa, shall be prominent persons in their respective businesses or professions, and shall not have been convicted of any felony offense. Of the members appointed, the governor shall appoint to the board an attorney admitted to the practice of law in Iowa, an accountant, a person who is or has been a law enforcement officer, and a person having expertise in marketing.

6. A majority of members in office shall constitute a quorum for the transaction of any business and for the exercise of any power or function of the board.

7. Action may be taken and motions and resolutions adopted by the board at any meeting thereof by the affirmative vote of a majority of present and voting board members.

8. No vacancy in the membership of the board shall impair the right of the members to exercise all the powers and perform all the duties of the board.

9. Board members shall be considered to hold public office and shall give bond as required in [chapter 64](#).

10. Board members shall be entitled to receive a per diem as specified in [section 7E.6](#) for each day spent in performance of duties as members, and shall be reimbursed for all actual and necessary expenses incurred in the performance of their official duties as members. No person who serves as a member of the board shall by reason of such membership be eligible for membership in the Iowa public employees' retirement system and service on the board shall not be eligible for service credit for any public retirement system.

11. The board shall meet at least quarterly and at such other times upon call of the chairperson or the chief executive officer. Notice of the time and place of each board meeting shall be given to each member. The board shall also meet upon call of three or more of the board members. The board shall keep accurate and complete records of all its meetings.

12. Meetings of the board shall be governed by the provisions of [chapter 21](#).

13. Board members shall not have any direct or indirect interest in an undertaking that puts their personal interest in conflict with that of the department under [this chapter](#) including but not limited to an interest in a major procurement contract or a participating retailer.

14. The members shall elect from their membership a chairperson and vice chairperson.

2003 Acts, ch 178, §70, 121; 2003 Acts, ch 179, §142; 2004 Acts, ch 1086, §25; 2004 Acts, ch 1101, §19; 2006 Acts, ch 1010, §49; 2023 Acts, ch 19, §2309, 2310; 2023 Acts, ch 108, §54

Referred to in [§7E.6](#), [68B.35](#), [99G.3](#)

Confirmation, see [§2.32](#)

Subsections 1, 4, 6, and 13 amended

Subsection 15 stricken

99G.9 Board duties.

The board shall provide the director and the administrator with private-sector perspectives of a large marketing enterprise. The board shall do all of the following:

1. Approve, disapprove, amend, or modify the terms of major lottery procurements recommended by the administrator.

2. Adopt policies and procedures and promulgate administrative rules pursuant to [chapter 17A](#) relating to the management and operation of the Iowa lottery. The administrative rules promulgated pursuant to [this subsection](#) may include but shall not be limited to the following:

a. The type of games to be conducted.

b. The sale price of tickets or shares and the manner of sale, including but not limited to authorization of sale of tickets or shares at a discount for marketing purposes; provided, however, that a retailer may accept payment by cash, check, money order, debit card, or electronic funds transfer and shall not extend or arrange credit for the purchase of a ticket or share. As used in [this section](#), “cash” means United States currency.

c. The number and amount of prizes, including but not limited to prizes of free tickets or shares in lottery games conducted by the division and merchandise prizes. The division shall maintain and make available for public inspection at its offices during regular business hours a detailed listing of the estimated number of prizes of each particular denomination that are expected to be awarded in any game that is on sale or the estimated odds of winning the prizes and, after the end of the claim period, shall maintain and make available a listing of the total number of tickets or shares sold in a game and the number of prizes of each denomination that were awarded.

d. The method and location of selecting or validating winning tickets or shares.

e. The manner and time of payment of prizes, which may include lump-sum payments or installments over a period of years.

f. The manner of payment of prizes to the holders of winning tickets or shares after performing validation procedures appropriate to the game and as specified by the board.

g. The frequency of games and drawings or selection of winning tickets or shares.

h. The means of conducting drawings, provided that drawings shall be open to the public and witnessed by an independent certified public accountant. Equipment used to select winning tickets or shares or participants for prizes shall be examined by an independent certified public accountant prior to and after each drawing.

i. The manner and amount of compensation to lottery retailers.

3. Adopt game specific rules. The promulgation of game specific rules shall not be subject to the requirements of [chapter 17A](#). However, game specific rules shall be made available to the public prior to the time the games go on sale and shall be kept on file at the office of the division.

[2003 Acts, ch 178, §71, 121; 2003 Acts, ch 179, §108, 142; 2023 Acts, ch 19, §2311 – 2317; 2023 Acts, ch 108, §55](#)

Section amended and editorially internally renumbered

99G.9A Limited series of lottery games providing aid for veterans. Repealed by 2015 Acts, ch 15, §4.

99G.10 Lottery personnel.

1. An employee of the division shall not have a financial interest in any vendor doing business or proposing to do business with the department under [this chapter](#). However, an employee may own shares of a mutual fund which may hold shares of a vendor corporation provided the employee does not have the ability to influence the investment functions of the mutual fund.

2. An employee of the division with decision-making authority under [this chapter](#) shall not participate in any decision involving a retailer with whom the employee has a financial interest.

3. A background investigation shall be conducted by the department of public safety, division of criminal investigation, on each applicant who has reached the final selection process prior to employment by the department under [this chapter](#). For positions not designated as sensitive by the department, the investigation may consist of a state criminal history background check, work history, and financial review. The department shall identify those sensitive positions of the division which require full background investigations,

which positions shall include, at a minimum, any officer of the division, and any employee with operational management responsibilities, security duties, or system maintenance or programming responsibilities related to the division's data processing or network hardware, software, communication, or related systems under [this chapter](#). In addition to a work history and financial review, a full background investigation may include a national criminal history check through the federal bureau of investigation. The screening of employees through the federal bureau of investigation shall be conducted by submission of fingerprints through the state criminal history repository to the federal bureau of investigation. The results of background investigations conducted pursuant to [this section](#) shall not be considered public records under [chapter 22](#).

4. A person who has been convicted of a felony or bookmaking or other form of illegal gambling or of a crime involving moral turpitude shall not be employed by the department under [this chapter](#).

5. The department shall bond employees with access to Iowa lottery funds or lottery revenue under [this chapter](#) in such an amount as provided by the department and may bond other employees under [this chapter](#) as deemed necessary.

2003 Acts, ch 145, §286; 2003 Acts, ch 178, §72, 121; 2003 Acts, ch 179, §60, 84, 142; 2004 Acts, ch 1086, §26; 2023 Acts, ch 19, §2318

Section stricken and rewritten

99G.11 Conflicts of interest.

1. A member of the board, any officer, or other employee of the division shall not directly or indirectly, individually, as a member of a partnership or other association, or as a shareholder, director, or officer of a corporation have an interest in a business that contracts for the operation or marketing of the lottery as authorized by [this chapter](#), unless the business is controlled or operated by a consortium of lotteries in which the division has an interest.

2. Notwithstanding the provisions of [chapter 68B](#), a person contracting or seeking to contract with the state to supply gaming equipment or materials for use in the operation of the lottery, an applicant for a license to sell tickets or shares in the lottery, or a retailer shall not offer a member of the board, any officer, or other employee of the division, or a member of their immediate family a gift, gratuity, or other thing having a value of more than the limits established in [chapter 68B](#), other than food and beverage consumed at a meal. For purposes of [this subsection](#), “*member of their immediate family*” means a spouse, child, stepchild, brother, brother-in-law, stepbrother, sister, sister-in-law, stepsister, parent, parent-in-law, or step-parent of the board member, the officer, or other employee who resides in the same household in the same principal residence of the board member, officer, or other employee.

3. If a board member, officer, or other employee of the division violates a provision of [this section](#), the board member, officer, or employee shall be immediately removed from the office or position.

4. Enforcement of [this section](#) against a board member, officer, or other employee shall be by the attorney general who upon finding a violation shall initiate an action to remove the board member, officer, or employee.

5. A violation of [this section](#) is a serious misdemeanor.

2003 Acts, ch 178, §73, 121; 2003 Acts, ch 179, §142; 2023 Acts, ch 19, §2319

Subsections 1 – 3 amended

99G.12 Self-service kiosks.

1. The authority* may operate self-service kiosks to dispense authorized lottery tickets or products in locations where lottery games and lottery products are sold, subject to the requirements of [this chapter](#).

2. A self-service kiosk operated to dispense authorized lottery tickets or products shall meet all of the following requirements:

a. The self-service kiosk shall be owned or leased by the department.

b. The self-service kiosk shall only be located in a retail location licensed by the division pursuant to [this chapter](#). The division shall determine, in its sole discretion, the placement of the self-service kiosk.

c. The self-service kiosk may dispense change to a purchaser but shall not be used to dispense cash winnings for a lottery ticket or product to a player.

d. The self-service kiosk shall not extend or arrange credit for the purchase of a lottery ticket or product.

2016 Acts, ch 1031, §2, 3; 2023 Acts, ch 19, §2320

**Authority* probably not intended; corrective legislation is pending
Subsection 2, paragraphs a and b amended

99G.13 through 99G.20 Reserved.

99G.21 Department powers, liabilities, and obligations.

1. Funds of the state shall not be used or obligated to pay the expenses or prizes of the department under [this chapter](#).

2. The department, in carrying out the purposes and provisions of [this chapter](#), shall have the following powers:

a. To sue and be sued and to complain and defend in all courts.

b. To adopt and alter a seal.

c. To procure or to provide insurance.

d. To hold copyrights, trademarks, and service marks and enforce its rights with respect thereto.

e. To initiate, supervise, and administer the operation of the lottery in accordance with the provisions of [this chapter](#) and administrative rules, policies, and procedures adopted pursuant thereto.

f. To enter into written agreements with one or more other states or territories of the United States, or one or more political subdivisions of another state or territory of the United States, or any entity lawfully operating a lottery outside the United States for the operation, marketing, and promotion of a joint lottery or joint lottery game. For the purposes of [this subsection](#), any lottery with which the authority* reaches an agreement or compact shall meet the criteria for security, integrity, and finance set by the board.

g. To conduct such market research as is necessary or appropriate, which may include an analysis of the demographic characteristics of the players of each lottery game, and an analysis of advertising, promotion, public relations, incentives, and other aspects of communication.

h. To select and contract with vendors and retailers.

i. To enter into contracts or agreements with state or local law enforcement agencies for the performance of law enforcement, background investigations, and security checks.

j. To establish and maintain banking relationships, including but not limited to establishment of checking and savings accounts and lines of credit.

k. To advertise and promote the lottery and lottery games.

l. To act as a retailer, to conduct promotions which involve the dispensing of lottery tickets or shares, and to establish and operate a sales facility to sell lottery tickets or shares and any related merchandise.

3. Notwithstanding any other provision of law, any purchase of real property and any borrowing of more than one million dollars by the department for purposes of [this chapter](#) shall require written notice from the department to the general assembly's standing committees on government oversight and the prior approval of the executive council.

4. The powers enumerated in [this section](#) are cumulative of and in addition to those powers enumerated elsewhere in [this chapter](#) and no such powers limit or restrict any other powers of the department under [this chapter](#).

5. Departments, boards, commissions, or other agencies of this state shall provide reasonable assistance and services to the department for purposes of [this chapter](#) upon the request of the director.

2003 Acts, ch 178, §74, 121; 2003 Acts, ch 179, §142; 2006 Acts, ch 1010, §50; 2010 Acts, ch 1069, §11; 2023 Acts, ch 19, §2321 – 2323

**Authority* probably not intended; corrective legislation is pending
Subsections 1, 3, 4, and 5 amended
Subsection 2, unnumbered paragraph 1 amended

Subsection 2, paragraphs h and i stricken and paragraphs j and k redesignated as h and i
Subsection 2, paragraph l stricken and paragraphs m – o redesignated as j – l

99G.22 Vendor background review.

1. The department shall investigate the financial responsibility, security, and integrity of any lottery system vendor who is a finalist in submitting a bid, proposal, or offer as part of a major procurement contract. Before a major procurement contract is awarded, the division of criminal investigation of the department of public safety shall conduct a background investigation of the vendor to whom the contract is to be awarded. The administrator shall consult with the division of criminal investigation and shall provide for the scope of the background investigation and due diligence to be conducted in connection with major procurement contracts. At the time of submitting a bid, proposal, or offer to the department on a major procurement contract, each vendor shall be required to submit to the division of criminal investigation appropriate investigation authorization to facilitate this investigation, together with an advance of funds to meet the anticipated investigation costs. If the division of criminal investigation determines that additional funds are required to complete an investigation, the vendor will be so advised. The background investigation by the division of criminal investigation may include a national criminal history check through the federal bureau of investigation. The screening of vendors or their employees through the federal bureau of investigation shall be conducted by submission of fingerprints through the state criminal history repository to the federal bureau of investigation.

2. If at least twenty-five percent of the cost of a vendor's contract is subcontracted, the vendor shall disclose all of the information required by [this section](#) for the subcontractor as if the subcontractor were itself a vendor.

3. A major procurement contract shall not be entered into with any lottery system vendor who has not complied with the disclosure requirements described in [this section](#), and any contract with such a vendor is voidable. Any contract with a vendor that does not comply with the requirements for periodically updating such disclosures during the tenure of the contract as may be specified in such contract may be terminated. The provisions of [this section](#) shall be construed broadly and liberally to achieve the ends of full disclosure of all information necessary to allow for a full and complete evaluation by the department of the competence, integrity, background, and character of vendors for major procurements.

4. A major procurement contract shall not be entered into with any vendor who has been found guilty of a felony related to the security or integrity of the lottery in this or any other jurisdiction.

5. If, based on the results of a background investigation, the department determines that the best interests of the department, including but not limited to the department's reputation for integrity, would be served thereby, the department may disqualify a potential vendor from contracting with the department for a major procurement contract or from acting as a subcontractor in connection with a contract for a major procurement contract.

[2003 Acts, ch 178, §75, 121; 2003 Acts, ch 179, §61, 142; 2023 Acts, ch 19, §2324, 2325; 2023 Acts, ch 108, §56](#)

Subsections 1 and 3 amended

Subsection 5 stricken and former subsection 6 amended and renumbered as 5

99G.23 Vendor bonding and tax filing.

1. The division may make procurements that integrate functions such as lottery game design, lottery ticket distribution to retailers, supply of goods and services, and advertising. In all procurement decisions under [this chapter](#), the division shall take into account the particularly sensitive nature of the lottery and shall act to promote and ensure security, honesty, fairness, and integrity in the operation and administration of the lottery and the objectives of raising net proceeds for state programs.

2. Each vendor shall, at the execution of the contract with the division, post a performance bond or letter of credit from a bank or credit provider acceptable to the division in an amount as deemed necessary by the division for that particular bid or contract.

3. Each vendor shall be qualified to do business in this state and shall file appropriate tax returns as provided by the laws of this state.

[2003 Acts, ch 178, §76, 121](#); [2003 Acts, ch 179, §142](#); [2023 Acts, ch 19, §2326](#)

Section amended

99G.24 Retailer compensation — licensing.

1. The general assembly recognizes that to conduct a successful lottery, the department must develop and maintain a statewide network of lottery retailers that will serve the public convenience and promote the sale of tickets or shares and the playing of lottery games while ensuring the integrity of the lottery operations, games, and activities.

2. The board shall determine the compensation to be paid to licensed retailers. Compensation may include provision for variable payments based on sales volume or incentive considerations.

3. The department shall issue a license certificate to each person with whom it contracts as a retailer for purposes of display as provided in [this section](#). Every lottery retailer shall post its license certificate, or a facsimile thereof, and keep it conspicuously displayed in a location on the premises accessible to the public. No license shall be assignable or transferable. Once issued, a license shall remain in effect until canceled, suspended, or terminated by the department.

4. A licensee under [this section](#) shall cooperate with the department by using point-of-purchase materials, posters, and other marketing material when requested to do so by the department. Lack of cooperation is sufficient cause for revocation of a retailer's license.

5. The board shall develop a list of objective criteria upon which the qualification of lottery retailers shall be based. Separate criteria shall be developed to govern the selection of retailers of instant tickets and on-line retailers. In developing these criteria, the board shall consider such factors as the applicant's financial responsibility, security of the applicant's place of business or activity, accessibility to the public, integrity, and reputation. The criteria shall include but not be limited to the volume of expected sales and the sufficiency of existing licensees to serve the public convenience.

6. The applicant shall be current in filing all applicable tax returns to the state of Iowa and in payment of all taxes, interest, and penalties owed to the state of Iowa, excluding items under formal appeal pursuant to applicable statutes. The department is authorized and directed to provide this information to those employees of the division designated to receive this information.

7. A person, partnership, unincorporated association, authority, or other business entity shall not be selected as a lottery retailer if the person or entity meets any of the following conditions:

a. Has been convicted of a criminal offense related to the security or integrity of the lottery in this or any other jurisdiction.

b. Has been convicted of any illegal gambling activity, false statements, perjury, fraud, or a felony in this or any other jurisdiction.

c. Has been found to have violated the provisions of [this chapter](#) or any regulation, policy, or procedure of the division unless either ten years have passed since the violation or the board finds the violation both minor and unintentional in nature.

d. Is a vendor or any employee or agent of any vendor doing business with the department under [this chapter](#) or the division.

e. Resides in the same household as an officer of the division.

f. Is less than eighteen years of age.

g. Does not demonstrate financial responsibility sufficient to adequately meet the requirements of the proposed enterprise.

h. Has not demonstrated that the applicant is the true owner of the business proposed to be licensed and that all persons holding at least a ten percent ownership interest in the applicant's business have been disclosed.

i. Has knowingly made a false statement of material fact to the department.

8. Persons applying to become lottery retailers may be charged a uniform application fee for each lottery outlet.

9. Any lottery retailer contract executed pursuant to [this section](#) may, for good cause, be suspended, revoked, or terminated by the director or the director's designee if the retailer is found to have violated any provision of [this chapter](#) or objective criteria established by the board. Cause for suspension, revocation, or termination may include, but is not limited to, sale of tickets or shares to a person under the age of twenty-one and failure to pay for lottery products in a timely manner.

[2003 Acts, ch 145, §286; 2003 Acts, ch 178, §77, 121; 2003 Acts, ch 179, §142; 2023 Acts, ch 19, §2327](#)

Section amended

99G.25 License not assignable.

Any lottery retailer license certificate or contract shall not be transferable or assignable. The department may issue a temporary license when deemed in the best interests of the state. A lottery retailer shall not contract with any person for lottery goods or services, except with the approval of the board.

[2003 Acts, ch 178, §78, 121; 2003 Acts, ch 179, §142; 2023 Acts, ch 19, §2328](#)

Section amended

99G.26 Retailer bonding.

The department may require any retailer to post an appropriate bond, as determined by the department, using a cash bond or an insurance company acceptable to the department.

[2003 Acts, ch 178, §79, 121; 2003 Acts, ch 179, §142; 2023 Acts, ch 19, §2329](#)

Section amended

99G.27 Lottery retail licenses — cancellation, suspension, revocation, or termination.

1. A lottery retail license issued by the department pursuant to [this chapter](#) may be canceled, suspended, revoked, or terminated by the department for reasons including but not limited to any of the following:

- a. A violation of [this chapter](#), a regulation, or a policy or procedure of the division.
- b. Failure to accurately or timely account or pay for lottery products, lottery games, revenues, or prizes as required by the division.
- c. Commission of any fraud, deceit, or misrepresentation.
- d. Insufficient sales.
- e. Conduct prejudicial to public confidence in the lottery.
- f. The retailer filing for or being placed in bankruptcy or receivership.
- g. Any material change as determined in the sole discretion of the department in any matter considered by the department in executing the contract with the retailer.
- h. Failure to meet any of the objective criteria established by the division pursuant to [this chapter](#).
- i. Other conduct likely to result in injury to the property, revenue, or reputation of the department under [this chapter](#).

2. A lottery retailer license may be temporarily suspended by the department without prior notice if the director or designee determines that further sales by the licensed retailer are likely to result in immediate injury to the property, revenue, or reputation of the department.

3. The board shall adopt administrative rules governing appeals of lottery retailer licensing disputes.

[2003 Acts, ch 178, §80, 121; 2003 Acts, ch 179, §142; 2023 Acts, ch 19, §2330](#)

Section amended

99G.28 Proceeds held in trust.

All proceeds from the sale of the lottery tickets or shares shall constitute a trust fund until paid to the division directly, through electronic funds transfer to the division, or through the division's authorized collection representative. A lottery retailer and officers of a lottery retailer's business shall have a fiduciary duty to preserve and account for lottery proceeds and lottery retailers shall be personally liable for all proceeds. Proceeds shall include unsold

products received but not paid for by a lottery retailer and cash proceeds of the sale of any lottery products net of allowable sales commissions and credit for lottery prizes paid to winners by lottery retailers. Sales proceeds of pull-tab tickets shall include the sales price of the lottery product net of allowable sales commission and prizes contained in the product. Sales proceeds and unused instant tickets shall be delivered to the division or its authorized collection representative upon demand.

[2003 Acts, ch 178, §81, 121; 2003 Acts, ch 179, §142; 2023 Acts, ch 19, §2331](#)

Section amended

99G.29 Retailer rental calculations — lottery ticket sales treatment.

If a lottery retailer's rental payments for the business premises are contractually computed, in whole or in part, on the basis of a percentage of retail sales and such computation of retail sales is not explicitly defined to include sales of tickets or shares in a state-operated or state-managed lottery, only the compensation received by the lottery retailer from the department may be considered the amount of the lottery retail sale for purposes of computing the rental payment.

[2003 Acts, ch 178, §82, 121; 2003 Acts, ch 179, §142; 2023 Acts, ch 19, §2332](#)

Section amended

99G.30 Ticket sales requirements — penalties.

1. Lottery tickets or shares may be distributed by the division for promotional purposes.
2. A ticket or share shall not be sold at a price other than that fixed by the division and a sale shall not be made other than by a retailer or an employee of the retailer who is authorized by the retailer to sell tickets or shares. A person who violates a provision of [this subsection](#) is guilty of a simple misdemeanor.
3. A ticket or share shall not be sold to a person who has not reached the age of twenty-one. Any person who knowingly sells a lottery ticket or share to a person under the age of twenty-one shall be guilty of a simple misdemeanor. It shall be an affirmative defense to a charge of a violation under [this section](#) that the retailer reasonably and in good faith relied upon presentation of proof of age in making the sale. A prize won by a person who has not reached the age of twenty-one but who purchases a winning ticket or share in violation of [this subsection](#) shall be forfeited. [This section](#) does not prohibit the lawful purchase of a ticket or share for the purpose of making a gift to a person who has not reached the age of twenty-one. The board shall adopt administrative rules governing the payment of prizes to persons who have not reached the age of twenty-one.
4. Except for the department, a retailer shall only sell lottery products on the licensed premises and not through the mail or by technological means except as the department may provide or authorize.
5. The retailer may accept payment by cash, check, money order, debit card, or electronic funds transfer. The retailer shall not extend or arrange credit for the purchase of a ticket or share. As used in [this subsection](#), "cash" means United States currency.
6. Nothing in [this chapter](#) shall be construed to prohibit the department from designating certain of its agents and employees to sell or give lottery tickets or shares directly to the public.
7. No elected official's name shall be printed on tickets.

[2003 Acts, ch 178, §83, 121; 2003 Acts, ch 179, §142; 2023 Acts, ch 19, §2333](#)

Section amended

99G.30A Monitor vending machine — tax imposed.

1. If revenues are generated from monitor vending machines on or after forty-five days following March 20, 2006, then there shall be a monitor vending machine excise tax imposed on net monitor vending machine revenue receipts at the rate of sixty-five percent.
2. *a.* The director of revenue shall administer the monitor vending machine excise tax as nearly as possible in conjunction with the administration of state sales tax laws. The director shall provide appropriate forms or provide appropriate entries on the regular state tax forms for reporting local sales and services tax liability.
- b.* All powers and requirements of the director to administer the state sales and use

tax law are applicable to the administration of the monitor vending machine excise tax, including but not limited to the provisions of [section 422.25, subsection 4, sections 422.30, 422.67, and 422.68, section 422.69, subsection 1, sections 422.70 through 422.75, section 423.14, subsection 1 and subsection 2, paragraphs “b” through “e”, and sections 423.15, 423.23, 423.24, 423.25, 423.31 through 423.35, 423.37 through 423.42, 423.46, and 423.47.](#)

c. Frequency of deposits and monthly reports of the monitor vending machine excise tax with the department of revenue are governed by the tax provisions in [section 423.31](#). Monitor vending machine excise tax collections shall not be included in computation of the total tax to determine frequency of filing under [section 423.31](#).

3. For purposes of [this section](#), “*net monitor vending machine revenue receipts*” means the gross receipts received from monitor vending machines less prizes awarded.

2006 Acts, ch 1005, § 3 – 5; 2008 Acts, ch 1032, §16; 2022 Acts, ch 1138, §3

99G.31 Prizes.

1. The administrator shall award the designated prize to the holder of the ticket or share upon presentation of the winning ticket or confirmation of a winning share. The prize shall be given to only one person as provided in [this section](#); however, a prize shall be divided between holders of winning tickets if there is more than one winning ticket.

2. The division shall only pay prizes for lottery tickets or shares that the department determines were legally purchased, legally possessed, and legally presented.

3. The board shall adopt administrative rules, policies, and procedures to establish a system of verifying the validity of tickets or shares claimed to win prizes and to effect payment of such prizes, subject to the following requirements:

a. The prize shall be given to the person who presents a winning ticket. A prize may be given to only one person per winning ticket. However, a prize shall be divided between holders of winning tickets if there is more than one winning ticket. Payment of a prize may be made to the estate of a deceased prize winner or to another person pursuant to an appropriate judicial order issued by an Iowa court of competent jurisdiction.

b. A prize shall not be paid arising from claimed tickets that are stolen, counterfeit, altered, fraudulent, unissued, produced or issued in error, unreadable, not received, or not recorded by the division within applicable deadlines; lacking in captions that conform and agree with the play symbols as appropriate to the particular lottery game involved; or not in compliance with such additional specific administrative rules, policies, and public or confidential validation and security tests of the division appropriate to the particular lottery game involved.

c. No particular prize in any lottery game shall be paid more than once, and in the event of a determination that more than one claimant is entitled to a particular prize, the sole remedy of such claimants is the award to each of them of an equal share in the prize.

d. Unclaimed prize money for the prize on a winning ticket or share shall be retained for a period deemed appropriate by the administrator, subject to approval by the board. If a valid claim is not made for the money within the applicable period, the unclaimed prize money shall be added to the pool from which future prizes are to be awarded or used for special prize promotions. Notwithstanding [this subsection](#), the disposition of unclaimed prize money from multijurisdictional games shall be made in accordance with the rules of the multijurisdictional game.

e. No prize shall be paid upon a ticket or share purchased or sold in violation of [this chapter](#). Any such prize shall constitute an unclaimed prize for purposes of [this section](#).

f. The division is discharged of all liability upon payment of a prize pursuant to [this section](#).

g. No ticket or share issued by the division shall be purchased by and no prize shall be paid to any member of the board of directors; any officer or employee of the department under [this chapter](#); or to any spouse, child, brother, sister, or parent residing as a member of the same household in the principal place of residence of any such person.

h. No ticket or share issued by the division shall be purchased by and no prize shall be paid to any officer, employee, agent, or subcontractor of any vendor or to any spouse, child, brother, sister, or parent residing as a member of the same household in the principal place

of residence of any such person if such officer, employee, agent, or subcontractor has access to confidential information which may compromise the integrity of the lottery.

i. The proceeds of any lottery prize shall be subject to state and federal income tax laws. An amount deducted from the prize for payment of a state tax, pursuant to [section 422.16, subsection 2](#), shall be transferred to the department on behalf of the prize winner.

2003 Acts, ch 145, §286; 2003 Acts, ch 178, §84, 121; 2003 Acts, ch 179, §142; 2004 Acts, ch 1101, §20; 2021 Acts, ch 94, §2; 2023 Acts, ch 19, §2334 – 2336; 2023 Acts, ch 115, §16

Referred to in §99G.36

See Code editor's note on simple harmonization at the beginning of this Code volume

Subsections 1 and 2 amended

Subsection 3, unnumbered paragraph 1 amended

Subsection 3, paragraphs b, d, f, g, h, and i amended

99G.32 Department legal representation — lottery.

The department shall retain the services of legal counsel to advise the department and the board under [this chapter](#) and to provide representation in legal proceedings. The department may retain the attorney general or a full-time assistant attorney general in that capacity and provide reimbursement for the cost of advising and representing the board and the department.

2003 Acts, ch 178, §85, 121; 2003 Acts, ch 179, §142; 2023 Acts, ch 19, §2337

Section amended

99G.33 Law enforcement investigations.

The department of public safety, division of criminal investigation, shall be the primary state agency responsible for investigating criminal violations under [this chapter](#). The director shall contract with the department of public safety for investigative services, including the employment of special agents and support personnel, and procurement of necessary equipment to carry out the responsibilities of the division of criminal investigation under the terms of the contract and [this chapter](#).

2003 Acts, ch 178, §86, 121; 2003 Acts, ch 179, §142; 2004 Acts, ch 1086, §27; 2023 Acts, ch 19, §2338

Section amended

99G.34 Open records — exceptions.

The records of the department under [this chapter](#) shall be governed by the provisions of [chapter 22](#), provided that, in addition to records that may be kept confidential pursuant to [section 22.7](#), the following records shall be kept confidential, unless otherwise ordered by a court, by the lawful custodian of the records, or by another person duly authorized to release such information:

1. Marketing plans, research data, and proprietary intellectual property owned or held by the department for purposes of [this chapter](#) under contractual agreements.
2. Personnel, vendor, and player social security or tax identification numbers.
3. Computer system hardware, software, functional and system specifications, and game play data files.
4. Security records pertaining to investigations and intelligence-sharing information between lottery security officers and those of other lotteries and law enforcement agencies, the security portions or segments of lottery requests for proposals, proposals by vendors to conduct lottery operations, and records of the security division of the department under [this chapter](#) pertaining to game security data, ticket validation tests, and processes.
5. Player name and address lists, provided that the names and addresses of prize winners shall not be withheld.
6. Operational security measures, systems, or procedures and building plans.
7. Security reports and other information concerning bids or other contractual data, the disclosure of which would impair the efforts of the department to contract for goods or services on favorable terms under [this chapter](#).

8. Information that is otherwise confidential obtained pursuant to investigations as provided in [section 99G.35](#).

[2003 Acts, ch 178, §87, 121; 2003 Acts, ch 179, §142; 2004 Acts, ch 1101, §21; 2023 Acts, ch 19, §2339, 2340](#)

Referred to in [§99G.41](#)

Unnumbered paragraph 1 amended

Subsections 1, 4, and 7 amended

99G.35 Security.

1. The department's chief security officer and investigators under [this chapter](#) shall be qualified by training and experience in law enforcement to perform their respective duties in support of the activities of the security office. The chief security officer and investigators shall not have sworn peace officer status. The lottery security office shall perform all of the following activities in support of the mission of the department under [this chapter](#):

a. Supervise ticket or share validation and lottery drawings, provided that the department may enter into cooperative agreements with multijurisdictional lottery administrators for shared security services at drawings and game show events involving more than one participating lottery.

b. Inspect at times determined solely by the department the facilities of any vendor or lottery retailer in order to determine the integrity of the vendor's product or the operations of the retailer in order to determine whether the vendor or the retailer is in compliance with its contract.

c. Report any suspected violations of [this chapter](#) to the appropriate county attorney or the attorney general and to any law enforcement agencies having jurisdiction over the violation.

d. Upon request, provide assistance to any county attorney, the attorney general, the department of public safety, or any other law enforcement agency.

e. Upon request, provide assistance to retailers in meeting their licensing contract requirements and in detecting retailer employee theft.

f. Monitor division operations for compliance with internal security requirements.

g. Provide physical security at the central operations facilities used by the department for purposes of [this chapter](#).

h. Conduct on-press product production surveillance, testing, and quality approval for printed scratch and pull-tab tickets.

i. Coordinate employee and retailer background investigations conducted by the department of public safety, division of criminal investigation.

2. The department may enter into intelligence-sharing, reciprocal use, or restricted use agreements for purposes of [this chapter](#) with the federal government, law enforcement agencies, lottery regulation agencies, and gaming enforcement agencies of other jurisdictions which provide for and regulate the use of information provided and received pursuant to the agreement.

3. Records, documents, and information in the possession of the department received under [this chapter](#) pursuant to an intelligence-sharing, reciprocal use, or restricted use agreement entered into by the department with a federal department or agency, any law enforcement agency, or the lottery regulation or gaming enforcement agency of any jurisdiction shall be considered investigative records of a law enforcement agency and are not subject to [chapter 22](#) and shall not be released under any condition without the permission of the person or agency providing the record or information.

[2003 Acts, ch 178, §88, 121; 2003 Acts, ch 179, §142; 2023 Acts, ch 19, §2341](#)

Referred to in [§99G.34](#)

Section amended

99G.36 Forgery — fraud — penalties.

1. A person who, with intent to defraud, falsely makes, alters, forges, utters, passes, redeems, or counterfeits a lottery ticket or share or attempts to falsely make, alter, forge, utter, pass, redeem, or counterfeit a lottery ticket or share, or commits theft or attempts to commit theft of a lottery ticket or share, is guilty of a class "D" felony.

2. Any person who influences or attempts to influence the winning of a prize through the

use of coercion, fraud, deception, or tampering with lottery equipment or materials shall be guilty of a class “D” felony.

3. A person who knowingly or intentionally passes a lottery ticket or share in order to avoid the application of an offset under [section 99G.41](#) is guilty of the following:

a. If passing the lottery ticket or share would avoid an amount that exceeds ten thousand dollars, a class “C” felony.

b. If passing the lottery ticket or share would avoid an amount that exceeds one thousand five hundred dollars but does not exceed ten thousand dollars, a class “D” felony.

c. If passing the lottery ticket or share would avoid an amount that exceeds seven hundred fifty dollars but does not exceed one thousand five hundred dollars, an aggravated misdemeanor.

d. If passing the lottery ticket or share would avoid an amount that exceeds three hundred dollars but does not exceed seven hundred fifty dollars, a serious misdemeanor.

e. If passing the lottery ticket or share would avoid an amount that does not exceed three hundred dollars, a simple misdemeanor.

4. A person who knowingly or intentionally passes a lottery ticket or share in order to circumvent prohibited player provisions found in [section 99G.31](#), [subsection 3](#), paragraph “g” or “h”, or applicable game specific rules is guilty of a class “D” felony.

5. No person shall knowingly or intentionally make a material false statement in any lottery prize claim, make a material false statement in any application for a license or proposal to conduct lottery activities, or make a material false entry in any book or record which is compiled or maintained or submitted to the department pursuant to the provisions of [this chapter](#). Any person who violates the provisions of [this subsection](#) shall be guilty of a class “D” felony.

[2003 Acts, ch 178, §89, 121; 2003 Acts, ch 179, §142; 2021 Acts, ch 94, §3, 4; 2022 Acts, ch 1021, §39; 2022 Acts, ch 1032, §32; 2023 Acts, ch 19, §2342](#)

Subsection 5 amended

99G.37 Major procurement contracts.

All major procurement contracts under [this chapter](#) must be entered into in accordance with [chapter 8A, subchapter III, part 2](#). Major procurement contracts shall take into consideration the greatest integrity for the Iowa lottery. In any bidding process, the services of the department of administrative services may be utilized.

[2003 Acts, ch 178, §90, 121; 2003 Acts, ch 179, §62, 84, 142; 2023 Acts, ch 19, §2343; 2023 Acts, ch 108, §57](#)

Section stricken and rewritten

99G.38 Lottery finance — self-sustaining.

1. The department may borrow, or accept and expend, in accordance with the provisions of [this chapter](#), such moneys as may be received from any source, including income from the department’s operations, for effectuating its business purposes under [this chapter](#), including the payment of the initial expenses of initiation, administration, and operation of the department under [this chapter](#) and the lottery.

2. The department as it relates to the lottery shall be self-sustaining and self-funded. Moneys in the general fund of the state shall not be used or obligated to pay the expenses of the department under [this chapter](#) or prizes of the lottery, and no claim for the payment of an expense of the lottery or prizes of the lottery may be made against any moneys other than moneys credited to the department operating account pursuant to [this chapter](#).

3. The state of Iowa offset program, as provided in [section 421.65](#), shall be available to the department to facilitate receipt of funds owed to the department under [this chapter](#).

[2003 Acts, ch 178, §91, 121; 2003 Acts, ch 179, §63, 84, 142; 2020 Acts, ch 1064, §8, 28; 2020 Acts, ch 1118, §73, 74; 2023 Acts, ch 19, §2344](#)

2020 amendment to subsection 3 by [2020 Acts, ch 1064, §8](#), is effective on the date of rules adopted by the department of revenue to implement [2020 Acts, ch 1064](#), see [2020 Acts, ch 1064, §28; 2020 Acts, ch 1118, §73, 74](#); the Code editor received notice that the system designed to implement the setoff procedures established in [2020 Acts, ch 1064](#), and the accompanying rules, will be operational on November 13, 2023; rules governing transition, see [2020 Acts, ch 1118, §72](#)

See Code editor’s note on simple harmonization at the beginning of this Code volume

Section amended

99G.39 Allocation, appropriation, transfer, and reporting of funds.

1. Upon receipt of any revenue from lottery games, the director shall deposit the moneys in the lottery fund created pursuant to [section 99G.40](#). At least fifty percent of the projected annual revenue accruing from the sale of tickets or shares shall be allocated for payment of prizes to the holders of winning tickets. After the payment of prizes, the expenses of conducting the lottery shall be deducted from the department's revenue under [this chapter](#) prior to disbursement. Expenses for advertising production and media purchases shall not exceed four percent of the department's gross revenue under [this chapter](#) for the year.

2. The director of the department of management shall not include lottery revenues in the director's fiscal year revenue estimates.

3. Two million five hundred thousand dollars in lottery revenues shall be transferred each fiscal year to the veterans trust fund established pursuant to [section 35A.13](#) prior to deposit of the lottery revenues in the general fund pursuant to [section 99G.40](#). However, if the balance of the veterans trust fund is fifty million dollars or more, the moneys shall be appropriated to the department for distribution to county directors of veteran affairs, with fifty percent of the moneys to be distributed equally to each county and fifty percent of the moneys to be distributed to each county based upon the population of veterans in the county, so long as the moneys distributed to a county do not supplant moneys appropriated by that county for the county director of veteran affairs.

4. One hundred thousand dollars in lottery revenues shall be transferred each fiscal year to the public safety survivor benefits fund established pursuant to [section 80.47](#) prior to deposit of the lottery revenues in the general fund pursuant to [section 99G.40](#).

5. One hundred thousand dollars in lottery revenues shall be transferred each fiscal year to the department of corrections survivor benefits fund established pursuant to [section 904.321](#) prior to deposit of the lottery revenues in the general fund pursuant to [section 99G.40](#).

6. *a.* Notwithstanding [subsection 1](#), if gaming revenues under [sections 99D.17](#) and [99F.11](#) are insufficient in a fiscal year to meet the total amount of such revenues directed to be deposited in the vision Iowa fund during the fiscal year pursuant to [section 8.57](#), [subsection 5](#), paragraph "e", the difference shall be paid from lottery revenues prior to deposit of the lottery revenues in the general fund, transfer of lottery revenues to the veterans trust fund as provided in [subsection 3](#), and the transfer of lottery revenues to the public safety survivor benefits fund as provided in [subsection 4](#). If lottery revenues are insufficient during the fiscal year to pay the difference, the remaining difference shall be paid from lottery revenues prior to deposit of lottery revenues in the general fund, the transfer of lottery revenues to the veterans trust fund as provided in [subsection 3](#), and the transfer of lottery revenues to the public safety survivor benefits fund as provided in [subsection 4](#) in subsequent fiscal years as such revenues become available.

b. The treasurer of state shall, each quarter, prepare an estimate of the gaming revenues and lottery revenues that will become available during the remainder of the appropriate fiscal year for the purposes described in paragraph "a". The department of management and the department shall take appropriate actions to provide that the amount of gaming revenues and lottery revenues that will be available during the remainder of the appropriate fiscal year is sufficient to cover any anticipated deficiencies.

2003 Acts, ch 145, §286; 2003 Acts, ch 178, §92, 121; 2003 Acts, ch 179, §142; 2004 Acts, ch 1136, §54; 2009 Acts, ch 182, §105; 2012 Acts, ch 1021, §135; 2015 Acts, ch 15, §2, 3; 2015 Acts, ch 29, §114; 2019 Acts, ch 163, §39, 40; 2021 Acts, ch 166, §31, 34, 35; 2023 Acts, ch 19, §2345, 2346; 2023 Acts, ch 108, §58

Referred to in [§8.22A](#), [8.57](#), [35A.13](#), [80.47](#), [904.321](#)

Subsection 5 applies retroactively to March 1, 2021; 2021 Acts, ch 166, §35

Subsections 1 and 3 amended

Subsection 6, paragraph b amended

99G.40 Audits and reports — lottery fund.

1. To ensure the financial integrity of the lottery, the department shall do all of the following:

a. Submit quarterly and annual reports to the governor, state auditor, and the general assembly disclosing the total lottery revenues, prize disbursements, and other expenses of

the department under [this chapter](#) during the reporting period. The fourth quarter report shall be included in the annual report made pursuant to [this section](#). The annual report shall include a complete statement of lottery revenues, prize disbursements, and other expenses, and recommendations for changes in the law that the director deems necessary or desirable for purposes of [this chapter](#). The annual report shall be submitted within one hundred twenty days after the close of the fiscal year. The director shall report immediately to the governor, the treasurer of state, and the general assembly any matters that require immediate changes in the law in order to prevent abuses or evasions of [this chapter](#) or rules adopted or to rectify undesirable conditions in connection with the administration or operation of the lottery.

b. Maintain weekly or more frequent records of lottery transactions, including the distribution of tickets or shares to retailers, revenues received, claims for prizes, prizes paid, prizes forfeited, and other financial transactions of the department under [this chapter](#).

c. The department shall deposit in the lottery fund created in [subsection 2](#) any moneys received by retailers from the sale of tickets or shares less the amount of any compensation due the retailers. The director may require licensees to file with the department reports of receipts and transactions in the sale of tickets or shares. The reports shall be in the form and contain the information the director requires.

2. A lottery fund is created in the office of the treasurer of state and shall exist as the recipient fund for department receipts under [this chapter](#). The fund consists of all revenues received from the sale of lottery tickets or shares and all other moneys lawfully credited or transferred to the fund. The director shall certify quarterly that portion of the fund that has been transferred to the general fund of the state under [this chapter](#) and shall cause that portion to be transferred to the general fund of the state. However, upon the request of the director and subject to the approval by the treasurer of state, an amount sufficient to cover the foreseeable administrative expenses of the lottery for a period of twenty-one days may be retained from the lottery fund. Prior to the quarterly transfer to the general fund of the state, the director may direct that lottery revenue shall be deposited in the lottery fund and in interest-bearing accounts designated by the treasurer of state. Interest or earnings paid on the deposits or investments is considered lottery revenue and shall be transferred to the general fund of the state in the same manner as other lottery revenue.

3. The director shall certify before the last day of the month following each quarter that portion of the lottery fund resulting from the previous quarter's sales to be transferred to the general fund of the state.

4. The activities of the division shall be audited as part of the audit of the department by the auditor of state or a certified public accounting firm appointed by the auditor. The auditor of state or a designee conducting an audit of the activities of the division under [this chapter](#) shall have access and authority to examine any and all records of licensees necessary to determine compliance with [this chapter](#) and the rules adopted pursuant to [this chapter](#). The cost of audits and examinations conducted by the auditor of state or a designee shall be paid as provided in [chapter 11](#).

[2003 Acts, ch 178, §93, 121; 2003 Acts, ch 179, §109, 142; 2004 Acts, ch 1009, §1; 2010 Acts, ch 1069, §12; 2023 Acts, ch 19, §2347](#)

Referred to in [§99G.39](#)
Section amended

99G.41 Prize offsets — garnishments.

1. Any claimant agency may submit to the department a list of the names of all persons indebted to such claimant agency or to persons on whose behalf the claimant agency is acting. The full amount of the debt shall be collectible from any lottery winnings due the debtor without regard to limitations on the amounts that may be collectible in increments through garnishment or other proceedings. Such list shall constitute a valid lien upon and claim of lien against the lottery winnings of any debtor named in such list. The list shall contain the names of the debtors, their social security numbers if available, and any other information that assists the department in identifying the debtors named in the list.

2. The department is authorized and directed to withhold any winnings paid out directly by the department subject to the lien created by [this section](#) and send notice to the winner.

However, if the winner appears and claims winnings in person, the department shall notify the winner at that time by hand delivery of such action. The department shall pay the funds over to the agency administering the offset program.

3. Notwithstanding the provisions of [section 99G.34](#) which prohibit disclosure by the department of certain portions of the contents of prize winner records or information, and notwithstanding any other confidentiality statute, the department may provide to a claimant agency all information necessary to accomplish and effectuate the intent of [this section](#).

4. The information obtained by a claimant agency from the department in accordance with [this section](#) shall retain its confidentiality and shall only be used by a claimant agency in the pursuit of its debt collection duties and practices. Any employee or prior employee of any claimant agency who unlawfully discloses any such information for any other purpose, except as otherwise specifically authorized by law, shall be subject to the same penalties specified by law for unauthorized disclosure of confidential information by an agent or employee of the department under [this chapter](#).

5. Except as otherwise provided in [this chapter](#), attachments, garnishments, or executions authorized and issued pursuant to law shall be withheld if timely served upon the department.

6. The provisions of [this section](#) shall only apply to prizes paid directly by the department and shall not apply to any retailers authorized by the department to pay prizes of up to six hundred dollars after deducting the price of the ticket or share.

[2003 Acts, ch 178, §94, 121; 2003 Acts, ch 179, §142; 2023 Acts, ch 19, §2348](#)

Referred to in [§99G.36](#)

Section amended

99G.42 Compulsive gamblers — treatment program information.

The department shall cooperate with the gambling treatment program administered by the department of health and human services to incorporate information regarding the gambling treatment program and its toll-free telephone number in printed materials distributed by the department pursuant to [this chapter](#).

[2003 Acts, ch 178, §95, 121; 2003 Acts, ch 179, §142; 2023 Acts, ch 19, §2349](#)

Gambling treatment program, [§135.150](#)

Section amended