

SENATE FILE 2273

BY McKEAN

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to the advertising and promotion of the state
2 lottery or any multistate lottery.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. 2273

1 Section 1. Section 99E.9, subsection 2, Code Supplement
2 1995, is amended to read as follows:

3 2. Subject to the approval of the board, the commissioner
4 may enter into contracts for the operation and-marketing of
5 the lottery, except that the board may by rule designate
6 classes of contracts other than major procurements which do
7 not require prior approval by the board. A major procurement
8 shall be as the result of competitive bidding with the
9 contract being awarded to the responsible vendor submitting
10 the lowest and best proposal. However, before a contract for
11 a major procurement is awarded, the division of criminal
12 investigation of the department of public safety shall conduct
13 a thorough background investigation of the vendor, any parent
14 or subsidiary corporation of the vendor, all shareholders of
15 five percent or more interest of the vendor or parent or
16 subsidiary corporation of the vendor, and all officers and
17 directors of the vendor or parent or subsidiary corporation of
18 the vendor to whom the contract is to be awarded. The vendor
19 shall submit to the division of criminal investigation
20 appropriate investigation authorizations to facilitate this
21 investigation. A contract for a major procurement awarded or
22 entered into by the commissioner with an individual or
23 business organization shall require that individual or
24 business organization to establish a permanent office in this
25 state. As used in this subsection, "major procurement" means
26 consulting agreements and the major procurement contract with
27 a business organization for the printing of tickets, or for
28 purchase or lease of equipment or services essential to the
29 operation of a lottery game.

30 Sec. 2. Section 99E.9, subsection 3, paragraph c, Code
31 Supplement 1995, is amended to read as follows:

32 c. The price of tickets or shares in the lottery,
33 ~~including-but-not-limited-to-authorization-of-sales-of-tickets~~
34 ~~or-shares-at-a-discount-for-marketing-purposes.~~

35 Sec. 3. Section 99E.9, subsection 3, paragraph m, Code

1 Supplement 1995, is amended to read as follows:

2 m. The form and type of marketing, informational, and
3 educational material to be permitted. ~~Marketing material and~~
4 ~~campaigns shall include the concept of investing in Iowa's~~
5 ~~economic development and show the economic development~~
6 ~~initiatives funded from lottery revenue.~~

7 Sec. 4. Section 99E.9, subsection 3, paragraph n,
8 subparagraph (1), Code Supplement 1995, is amended to read as
9 follows:

10 (1) The payment of costs incurred in the operation and
11 administration of the lottery and the lottery division,
12 including the expenses of the lottery and the cost resulting
13 from contracts entered into for consulting or operational
14 services, ~~or for marketing.~~

15 Sec. 5. Section 99E.9, subsection 4, Code Supplement 1995,
16 is amended to read as follows:

17 4. The board and the commissioner may enter into written
18 agreements or compacts with another state or states or one or
19 more political subdivisions of another state or states for the
20 operation, ~~marketing, and promotion~~ of a joint lottery or
21 joint lottery games.

22 Sec. 6. Section 99E.9, subsection 7, Code Supplement 1995,
23 is amended by striking the subsection and inserting in lieu
24 thereof the following:

25 7. a. The board and the commissioner shall not spend
26 public funds or revenue derived from the lottery operations to
27 engage in promotional advertising of the state lottery or a
28 multistate lottery.

29 b. A licensee, a vendor, or a combination of licensees and
30 vendors may engage in promotional advertising of the state
31 lottery or any multistate lottery in which the state
32 participates.

33 c. Promotional advertising by vendors pursuant to
34 paragraph "b" shall clearly indicate that the advertising is
35 paid for by the vendors.

1 d. Any advertising of the lottery which describes a
2 specific lottery game and a lottery share shall include the
3 following:

4 (1) Except for games under subparagraph (2), the prize
5 structure, the prize amounts, and the odds of a specific
6 lottery ticket or lottery share being selected as the winning
7 lottery ticket or lottery share for each prize amount.

8 (2) For games in which the amount of the winnings and the
9 odds of winning are determined by the number of participants
10 in the game, all of the following shall be included:

11 (a) An explanation that the amount of the winnings and the
12 odds of winning are determined by the number of participants
13 in the game.

14 (b) An explanation of the prize structure.

15 (c) Estimates of the amounts of prizes and the odds of a
16 particular lottery ticket or lottery share winning each prize.
17 The estimates of the prize amounts and the odds of a
18 particular lottery ticket or lottery share winning each prize
19 may be given as a range of values.

20 Sec. 7. Section 99E.10, subsection 1, unnumbered paragraph
21 2, Code 1995, is amended to read as follows:

22 Lottery expenses for marketing, educational, and
23 informational material shall not exceed ~~four~~ one percent of
24 the lottery revenue.

25 Sec. 8. Section 99E.13, subsection 1, Code 1995, is
26 amended to read as follows:

27 1. A member of the board, the director, the commissioner,
28 or an employee of the lottery shall not directly or
29 indirectly, individually, as a member of a partnership or
30 other association, or as a shareholder, director, or officer
31 of a corporation have an interest in a business which
32 contracts for the operation and-marketing of the lottery as
33 authorized by section 99E.9, subsection 2.

34 Sec. 9. Section 99E.16, subsection 1, Code 1995, is
35 amended to read as follows:

1 1. The commissioner shall license persons to sell lottery
2 tickets or shares to best serve public convenience. The
3 lottery division may sell tickets or shares to the public.
4 Except for the lottery division, a licensee shall not engage
5 in business exclusively to sell lottery tickets or shares.
6 However, the board may approve a special license to permit a
7 licensee or the lottery division itself to sell lottery
8 tickets or shares to the public at special events approved by
9 the board. Before issuing a license the commissioner shall
10 consider the financial responsibility and security of the
11 applicant, the applicant's business or activity, the
12 accessibility of the applicant's place of business or activity
13 to the public, the sufficiency of existing licensees to serve
14 the public convenience, and the volume of expected sales. A
15 licensee shall cooperate with the lottery by using point-of-
16 purchase materials, posters, and other educational, and
17 informational, ~~and marketing~~ materials when requested to do so
18 by the lottery. Lack of cooperation is sufficient cause for
19 revocation of a person's license.

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EXPLANATION

21 This bill prohibits the lottery board and commissioner of
22 the lottery from using public funds or receipts from the state
23 lottery or multistate lottery to market or advertise the state
24 lottery or the multistate lottery.

25 The licensees and vendors of the state lottery may
26 advertise and promote the lottery games if the advertising and
27 lottery tickets or shares contain information about the
28 various prizes, odds of winning each prize, and prize
29 structure. For games where the winnings and the odds are
30 determined by the number of players, the advertisement and
31 tickets must include an explanation that the winnings and odds
32 are determined by the number of players, an explanation of the
33 prize structure, and an estimate of the odds and prize
34 amounts.

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