

House Study Bill 93 - Introduced

SENATE/HOUSE FILE _____
BY (PROPOSED IOWA LOTTERY
AUTHORITY BILL)

A BILL FOR

1 An Act relating to matters under the purview of the Iowa
2 lottery authority, including providing for sales of lottery
3 tickets through personal consumer electronic devices, and
4 providing criminal penalties.

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

1 Section 1. Section 99G.3, Code 2019, is amended by adding
2 the following new subsections:

3 NEW SUBSECTION. 4A. "*Eticket*" means a ticket or share for
4 a lottery game for which an electronic visual facsimile of the
5 lottery game is made available to the player on a personal
6 consumer electronic device.

7 NEW SUBSECTION. 6A. "*Instaplay ticket*" means a ticket
8 printed on paper authorized by the authority with play symbols
9 that are not concealed by a removable covering.

10 NEW SUBSECTION. 12A. "*Personal consumer electronic*
11 *device*" shall include, without limitation, player-owned
12 phones, computers and tablets, and other similar devices or
13 technologies, that allow access to the internet. A "*personal*
14 *consumer electronic device*" is not a monitor vending machine or
15 player-activated gaming machine for purposes of this chapter.

16 NEW SUBSECTION. 14A. "*Scratch ticket*" means a preprinted
17 ticket that, when a protective coating is scratched or scraped
18 away, indicates immediately whether the player has won.

19 Sec. 2. Section 99G.3, subsections 6, 11, 14, and 17, Code
20 2019, are amended to read as follows:

21 6. "*Instant lottery*" or "*instant ticket*" means an instaplay
22 ticket or a scratch ticket for a lottery game that offers
23 preprinted tickets such that when a protective coating is
24 scratched or scraped away, it indicates immediately whether the
25 player has won.

26 11. "*On-line lotto*" means a lottery game connected to a
27 central computer or system via telecommunications or other
28 technological means in which the player selects a specified
29 group of numbers, symbols, or characters out of a predetermined
30 range or set.

31 14. "*Retailer*" means a person, ~~licensed by the authority,~~
32 who sells lottery tickets or shares on behalf of the authority
33 pursuant to a ~~contract~~ license issued by the authority.

34 17. "*Ticket*" means any tangible evidence issued by the
35 ~~lottery~~ authority to provide participation in a lottery game.

1 Sec. 3. Section 99G.9, subsection 3, paragraphs b and h,
2 Code 2019, are amended to read as follows:

3 **b.** The sale price of tickets or shares and the manner
4 of sale, including but not limited to authorization of sale
5 of tickets or shares at a discount for marketing purposes;
6 provided, however, that a retailer may accept payment by
7 cash, check, money order, debit card, ~~or~~ prepaid gift card,
8 nondeferred electronic payments through electronic wallets or
9 mobile applications, electronic funds transfer ~~and,~~ or other
10 form of cash-based payment, so long as it shall not extend or
11 arrange credit for the purchase of a ticket or share. As used
12 in [this section](#), "cash" means United States currency.

13 **h.** The means of conducting drawings, ~~provided that~~ and, if
14 authorized, automated drawings.

15 (1) Drawings that are not automated drawings shall be open
16 to the public and witnessed by an independent certified public
17 accountant. Equipment used to select winning tickets or shares
18 or participants for prizes shall be examined by an independent
19 certified public accountant prior to and after each drawing.

20 (2) Automated drawings shall not be authorized by the board
21 until the authority audits the process of selecting winning
22 numbers to determine whether an automated drawing process is
23 appropriate for a lottery game. If automated drawings are
24 authorized and conducted for a lottery game, automated drawings
25 shall be reviewable by the authority through the use of video,
26 mechanical, or other means.

27 Sec. 4. NEW SECTION. **99G.13 Personal consumer electronic**
28 **devices.**

29 1. Notwithstanding any other provision of law to the
30 contrary, the authority may authorize the sale of lottery
31 tickets or shares, including etickets, through personal
32 consumer electronic devices for a lottery game.

33 2. The authority may, without limitation, sell through
34 personal consumer electronic devices lottery tickets or shares
35 for a lottery game with predetermined outcomes as well as

1 lottery tickets or shares for a lottery game with outcomes
2 determined by random drawings or other selection processes.

3 Sec. 5. Section 99G.24, subsection 7, Code 2019, is amended
4 by adding the following new paragraph:

5 NEW PARAGRAPH. *Od.* Has direct or indirect involvement
6 in the sale or transfer of tickets, shares, or prizes to
7 individuals outside the jurisdiction where the tickets or
8 shares were sold or the lottery prizes were awarded.

9 Sec. 6. Section 99G.27, subsection 1, Code 2019, is amended
10 by adding the following new paragraph:

11 NEW PARAGRAPH. *Ob.* Direct or indirect involvement in the
12 sale or transfer of tickets, shares, or prizes to individuals
13 outside the state of Iowa.

14 Sec. 7. Section 99G.31, Code 2019, is amended by adding the
15 following new subsection:

16 NEW SUBSECTION. 1A. The authority shall only pay prizes for
17 lottery tickets or shares that the authority determines were
18 legally purchased, legally possessed, and legally presented.

19 Sec. 8. Section 99G.36, Code 2019, is amended by adding the
20 following new subsections:

21 NEW SUBSECTION. 2A. A person who knowingly or intentionally
22 passes a lottery ticket or share in order to avoid the
23 application of an offset under section 99G.41 shall be guilty
24 of a class "D" felony.

25 NEW SUBSECTION. 2B. A person who knowingly or intentionally
26 passes a lottery ticket or share in order to circumvent
27 prohibited player provisions found in section 99G.31,
28 subsection 2, paragraphs "g" or "h" or applicable game specific
29 rules shall be guilty of a class "D" felony.

30 NEW SUBSECTION. 2C. A person who knowingly or intentionally
31 claims a lottery prize on a ticket or share received from an
32 individual subject to an offset under section 99G.41 shall be
33 guilty of a class "D" felony.

34 NEW SUBSECTION. 2D. A person who knowingly or intentionally
35 claims a lottery prize on a ticket or share received from

1 a player prohibited from playing the lottery under section
2 99G.31, subsection 2, paragraphs "g" or "h" or applicable game
3 specific rules shall be guilty of a class "D" felony.

4 Sec. 9. Section 99G.36, subsection 3, Code 2019, is amended
5 to read as follows:

6 3. No person shall knowingly or intentionally make a
7 material false statement in any lottery prize claim, make a
8 material false statement in any application for a license or
9 proposal to conduct lottery activities, or make a material
10 false entry in any book or record which is compiled or
11 maintained or submitted to the authority or the board pursuant
12 to the provisions of this chapter. Any person who violates
13 the provisions of this section shall be guilty of a class "D"
14 felony.

15 EXPLANATION

16 The inclusion of this explanation does not constitute agreement with
17 the explanation's substance by the members of the general assembly.

18 This bill concerns the Iowa lottery authority.

19 Code section 99G.3, concerning matters under the purview
20 of definitions, is amended. The bill adds definitions for
21 "eticket", "instaplay ticket", "personal consumer electronic
22 device", and "scratch ticket". "Eticket" is defined to mean a
23 ticket or share for a lottery game made available to a player
24 on a personal consumer electronic device. "Instaplay ticket"
25 means a ticket printed on paper authorized by the authority
26 with play symbols that are not concealed by a removable
27 covering. "Personal consumer electronic device" is defined to
28 include, without limitation, player-owned phones, computers,
29 and devices or technologies that allow access to the internet.
30 The bill provides that a personal consumer electronic device
31 is not a monitor vending machine or player-activated gaming
32 machine for purposes of Code chapter 99G. The bill also
33 defines "scratch ticket" as a preprinted ticket that includes
34 a protective coating that can be scratched or scraped away to
35 determine whether the player has won. Definitions for "instant

1 lottery" or "instant ticket", "on-line lotto", "retailer",
2 and "ticket" are also amended. "Instant lottery" or "instant
3 ticket" is amended to include only the term "instant ticket"
4 which is then defined to mean an instaplay ticket or a scratch
5 ticket for a lottery game. "On-line lotto" is amended to
6 also allow a lottery game connected to a central system and
7 to allow a game that is connected via other technological
8 means. "Retailer" is amended to mean a person who sells
9 lottery tickets or shares pursuant to a license, and not just a
10 contract, issued by the lottery authority. "Ticket" is also
11 amended to provide that the tangible evidence of a game is
12 issued by the lottery authority.

13 Code section 99G.9, concerning lottery board of directors'
14 duties and specifically the authority to adopt administrative
15 rules, is amended. The bill authorizes the board to adopt
16 rules allowing a retailer to also accept payment for a lottery
17 ticket or share by prepaid gift card, nondeferred electronic
18 payments through electronic wallets or mobile applications,
19 or other form of cash-based payment, so long as the retailer
20 does not extend or arrange for credit to purchase the ticket
21 or share. The bill also provides that the board may adopt
22 rules permitting automated drawings. The bill provides that
23 automated drawings shall not be authorized by the board until
24 the lottery authority determines whether an automated drawing
25 process is appropriate for a lottery game and if authorized,
26 the bill provides that automated drawings shall be reviewable
27 by the lottery authority through the use of video, mechanical,
28 or other means.

29 New Code section 99G.13 authorizes the lottery authority to
30 sell lottery tickets and shares, including etickets, through
31 personal consumer electronic devices. Lottery tickets or
32 shares sold through a personal consumer electronic device may
33 be for a lottery game with predetermined outcomes as well as
34 for a lottery game with outcomes determined by random drawings
35 or other selection processes.

1 Code section 99G.24, concerning retailer licensing, is
2 amended to provide that a person shall not be selected as
3 a lottery retailer if the person has direct or indirect
4 involvement in the sale or transfer of tickets, shares, or
5 prizes to individuals outside the jurisdiction where the
6 tickets, shares, or prizes were sold or awarded.

7 Code section 99G.27, concerning lottery retail licenses,
8 is amended to provide that a lottery retail license may be
9 canceled, suspended, revoked, or terminated, for direct or
10 indirect involvement in the sale or transfer of tickets,
11 shares, or prizes to individuals outside the state of Iowa.

12 Code section 99G.31, regarding prizes, is amended to provide
13 that the lottery authority shall only pay prizes for tickets or
14 shares that were legally purchased, possessed, and presented.

15 Code section 99G.36, concerning criminal penalties, is
16 amended. The bill provides that a person who knowingly or
17 intentionally passes a lottery ticket or share, or claims a
18 lottery prize on a ticket or share received from an individual,
19 in order to avoid an offset under Code section 99G.41 shall be
20 guilty of a class "D" felony. The bill also provides that a
21 person who knowingly or intentionally passes a lottery ticket
22 or share, or claims a lottery prize on a ticket or share
23 received from an individual, in order to circumvent certain
24 prohibited player provisions found in Code section 99G.31 and
25 applicable game specific rules shall be guilty of a class "D"
26 felony. A class "D" felony is punishable by confinement for no
27 more than five years and a fine of at least \$750 but not more
28 than \$7,500.