

**Senate File 306 - Introduced**

SENATE FILE 306  
BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO SSB 1035)

**A BILL FOR**

1 An Act relating to the Iowa lottery.

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

unofficial

1 Section 1. Section 99G.3, Code 2025, is amended by adding the  
2 following new subsection:

3 NEW SUBSECTION. 9A. "Lotto" means a lottery game connected  
4 to a central computer via telecommunications in which a specified  
5 group of numbers, symbols, or characters are selected out of a  
6 predetermined range.

7 Sec. 2. Section 99G.3, subsection 13, Code 2025, is amended  
8 by striking the subsection.

9 Sec. 3. Section 99G.3, subsection 17, Code 2025, is amended  
10 to read as follows:

11 17. "Self-service kiosk" means a machine or other similar  
12 electronic device that dispenses only on-line lotto tickets,  
13 instant tickets, pull-tab tickets, or other printed lottery  
14 products, and that does not provide a visual or audio  
15 representation of lottery game play. A "self-service kiosk" is  
16 not a monitor vending machine or player-activated gaming machine  
17 for purposes of this chapter.

18 Sec. 4. Section 99G.7, subsection 1, paragraph e, Code 2025,  
19 is amended by striking the paragraph.

20 Sec. 5. Section 99G.7, subsection 1, paragraph f, Code 2025,  
21 is amended to read as follows:

22 *f.* Report quarterly and annually to the commission, ~~the~~  
23 ~~governor, the auditor of state, and the general assembly a full~~  
24 ~~and complete statement of lottery revenues and expenses for the~~  
25 ~~preceding quarter, and with respect to the annual report, for the~~  
26 ~~preceding year, and transfer proceeds to the general fund within~~  
27 ~~thirty days following the end of the quarter.~~

28 Sec. 6. Section 99G.7, subsection 4, Code 2025, is amended to  
29 read as follows:

30 4. The ~~administrator~~ director or the ~~administrator's~~  
31 director's designee may conduct hearings and administer oaths to  
32 persons for the purpose of assuring the security or integrity  
33 of lottery operations or to determine the qualifications of or  
34 compliance by vendors and retailers.

35 Sec. 7. Section 99G.9, subsection 2, unnumbered paragraph 1,

1 Code 2025, is amended to read as follows:

2 Adopt policies and procedures and promulgate administrative  
3 rules pursuant to chapter 17A relating that relate exclusively  
4 to the management and operation of the Iowa lottery, but not  
5 policies, procedures, or administrative rules that relate to the  
6 operation of the department in general. The administrative rules  
7 promulgated pursuant to this subsection may include but shall not  
8 be limited to the following:

9 Sec. 8. Section 99G.9, subsection 2, paragraph h, Code 2025,  
10 is amended to read as follows:

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

17 Sec. 9. Section 99G.10, subsection 4, Code 2025, is amended  
18 to read as follows:

19 4. A person who has been convicted of a felony or bookmaking  
20 or other form of illegal gambling ~~or~~ shall not be employed by  
21 the department under this chapter. The director shall have  
22 discretion to determine the relevance of a crime involving moral  
23 ~~turpitude shall not be employed by~~ other crimes when making  
24 decisions regarding employment with the department under this  
25 chapter.

26 Sec. 10. Section 99G.31, subsection 3, paragraphs g and h,  
27 Code 2025, are amended by striking the paragraphs and inserting  
28 in lieu thereof the following:

29 g. A ticket or share issued by the division shall not be  
30 purchased by and no prize shall be paid to any of the following:

31 (1) A member of the commission.

32 (2) An officer or employee of the department.

33 (3) An officer or employee of the state providing services  
34 to the department to administer this chapter if such officer  
35 or employee has access to confidential information which may

1 compromise the integrity of the lottery.

2 (4) A spouse, child, sibling, or parent residing as a member  
3 of the same household in the principal place of residence of  
4 any person described in subparagraphs (1) through (3). For  
5 purposes of this subparagraph, a spouse, child, sibling, or  
6 parent of a person described in subparagraphs (1) through (3)  
7 is considered to be residing as a member of the same household  
8 if the spouse, child, sibling, or parent lived in the principal  
9 place of residence for one hundred eighty-three days or more in  
10 the immediately preceding three hundred sixty-five days.

11 h. A ticket or share issued by the division shall not be  
12 purchased by and no prize shall be paid to any of the following:

13 (1) An officer, employee, agent, or subcontractor of any  
14 vendor if such officer, employee, agent, or subcontractor has  
15 access to confidential information which may compromise the  
16 integrity of the lottery.

17 (2) A spouse, child, sibling, or parent residing as a member  
18 of the same household in the principal place of residence of  
19 any person described in subparagraph (1). For purposes of this  
20 subparagraph, a spouse, child, sibling, or parent of a person  
21 described in subparagraph (1) is considered to be residing as a  
22 member of the same household if the spouse, child, sibling, or  
23 parent lived in the principal place of residence for one hundred  
24 eighty-three days or more in the immediately preceding three  
25 hundred sixty-five days.

26 Sec. 11. Section 99G.34, Code 2025, is amended by adding the  
27 following new subsection:

28 NEW SUBSECTION. 9. Ticket order history; ticket inventory;  
29 or any records that if disclosed could impair or adversely impact  
30 the security, integrity, or fairness of a lottery game or the  
31 security of lottery retailers.

32 Sec. 12. Section 99G.35, subsection 1, unnumbered paragraph  
33 1, Code 2025, is amended to read as follows:

34 The department's ~~lottery security staff under this chapter~~  
35 shall be investigators that support the division may include

1 staff qualified by training and experience in law enforcement  
2 to perform their respective duties in support of the activities  
3 of the security office to the extent necessary to perform the  
4 duties. ~~Lottery security staff~~ Staff that have training and  
5 experience in law enforcement shall not have sworn peace officer  
6 status. The ~~lottery security office~~ department shall perform  
7 security duties including all of the following activities in  
8 support of the mission of the department under this chapter:

9       Sec. 13. Section 99G.35, subsection 1, paragraphs c and g,  
10 Code 2025, are amended to read as follows:

11       c. Report any suspected violations of this chapter to ~~the~~ one  
12 or more of the following, as determined by the department:

13       (1) The appropriate county attorney ~~or the~~.

14       (2) The attorney general ~~and to any~~.

15       (3) Any law enforcement agencies agency having jurisdiction  
16 over the violation.

17       g. ~~Provide~~ Ensure physical security at the central operations  
18 facilities used by the department for purposes of this chapter.

19       Sec. 14. Section 99G.39, subsection 2, Code 2025, is amended  
20 to read as follows:

21       2. The director of the department of management shall not  
22 include lottery revenues in the ~~director's~~ director of the  
23 department of management's fiscal year revenue estimates for the  
24 general fund of the state. This subsection does not apply for  
25 purposes of revenue estimates of lottery revenues as described in  
26 section 8.22A.

27       Sec. 15. Section 99G.40, subsection 2, Code 2025, is amended  
28 to read as follows:

29       2. A lottery fund is created in the office of the treasurer  
30 of state and shall exist as the recipient fund for department  
31 receipts under this chapter. The fund consists of all revenues  
32 received from the sale of lottery tickets or shares and all  
33 other moneys lawfully credited or transferred to the fund. The  
34 director shall certify before the last day of the month following  
35 each quarter that portion of the lottery fund resulting from

1 the previous quarter's sales to be transferred to the general  
 2 fund of the state. The director shall certify quarterly that  
 3 portion of the fund that has been transferred to the general fund  
 4 of the state under this chapter and shall cause that portion  
 5 to be transferred to the general fund of the state within  
 6 forty-five days following the end of the quarter. However,  
 7 upon the request of the director and subject to the approval  
 8 by the treasurer of state, an amount sufficient to cover the  
 9 foreseeable administrative expenses of the lottery for a period  
 10 of twenty-one days may be retained from the lottery fund. Prior  
 11 to the quarterly transfer to the general fund of the state,  
 12 the director may direct that lottery revenue shall be deposited  
 13 in the lottery fund and in interest-bearing accounts designated  
 14 by the treasurer of state. Interest or earnings paid on the  
 15 deposits or investments is considered lottery revenue and shall  
 16 be transferred to the general fund of the state in the same  
 17 manner as other lottery revenue.

18 Sec. 16. Section 99G.40, subsection 3, Code 2025, is amended  
 19 by striking the subsection.

#### 20 EXPLANATION

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

23 This bill relates to the Iowa lottery.

24 The bill removes the word "on-line" from the term "on-line  
 25 lotto", strikes reporting requirements duplicative of those under  
 26 Code section 99G.40, and moves duties of the administrator of  
 27 the Iowa lottery regarding conducting hearings and administering  
 28 oaths to assure the security or integrity of the lottery to the  
 29 director of revenue (director). The bill specifies that the  
 30 Iowa lottery commission is prohibited from adopting policies,  
 31 procedures, or rules that relate to the department of revenue  
 32 (IDR) in general, and removes from the suggested policies,  
 33 procedures, and rules that lottery drawings be witnessed by an  
 34 independent certified public accountant.

35 Under current law, IDR is prohibited from hiring

1 persons convicted of a felony, bookmaking, other form of  
2 illegal gambling, or a crime involving moral turpitude for  
3 lottery-related employment. The bill removes crimes involving  
4 moral turpitude from the prohibition and gives the director  
5 discretion to determine the relevance of other crimes on  
6 employment decisions.

7 The bill updates and expands the list of persons prohibited  
8 from purchasing a lottery ticket or being awarded a prize,  
9 including by adding a state officer or employee providing  
10 services to IDR to administer lottery provisions if such person  
11 has access to confidential information which may compromise the  
12 integrity of the lottery.

13 The bill adds ticket order history, ticket inventory, or  
14 any other records that could affect the security, integrity, or  
15 fairness of a lottery game or the security of lottery retailers  
16 to the list of exceptions to an open records request governed by  
17 Code chapter 22.

18 The bill changes lottery security staff requirements to  
19 include investigators that support the division and updates the  
20 activities performed by investigators supporting the lottery  
21 division.

22 Under current law, the director of the department of  
23 management is prohibited from including lottery revenues in  
24 fiscal year revenue estimates. The bill specifies that this is  
25 for general fund revenue estimates, and that the prohibition does  
26 not apply for purposes of Code section 8.22A (revenue estimating  
27 conference).

28 Under current law, the director is required to certify  
29 quarterly that portion of the lottery fund that has been  
30 transferred to the general fund and to transfer that portion  
31 to the general fund. The administrator of the Iowa lottery  
32 is required to transfer proceeds from the lottery fund to the  
33 general fund within 30 days following the end of the quarter.  
34 The bill eliminates the duplicative transfer requirement by  
35 removing the duty from the administrator of the Iowa lottery, and

1 increases the transfer deadline to 45 days for the director.

unofficial