

Senate Study Bill 1035 - Introduced

SENATE/HOUSE FILE _____
BY (PROPOSED DEPARTMENT OF
REVENUE BILL)

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~~ Determine whether to report any suspected
12 violations of this chapter to the appropriate county attorney or
13 the attorney general and to any law enforcement agencies having
14 jurisdiction over the violation.

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

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

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

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

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

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

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

18 EXPLANATION

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

21 This bill relates to the Iowa lottery.

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

33 Under current law, IDR is prohibited from hiring
34 persons convicted of a felony, bookmaking, other form of
35 illegal gambling, or a crime involving moral turpitude for

1 lottery-related employment. The bill removes crimes involving
2 moral turpitude from the prohibition and gives the director
3 discretion to determine the relevance of other crimes on
4 employment decisions.

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

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

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

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

26 Under current law, the director is required to certify
27 quarterly that portion of the lottery fund that has been
28 transferred to the general fund and to transfer that portion
29 to the general fund. The administrator of the Iowa lottery
30 is required to transfer proceeds from the lottery fund to the
31 general fund within 30 days following the end of the quarter.
32 The bill eliminates the duplicative transfer requirement by
33 removing the duty from the administrator of the Iowa lottery, and
34 increases the transfer deadline to 45 days for the director.