

MINUTES  
**HOUSE STATE AFFAIRS COMMITTEE**

**DATE:** Tuesday, January 29, 2013

**TIME:** 9:00 A.M.

**PLACE:** Room EW40

**MEMBERS:** Chairman Loertscher, Vice Chairman Batt, Representatives Anderson(1), Andrus, Luker, Crane, Palmer, Sims, Barbieri, Holtzclaw, McMillan, Monks, Packer, Smith, Gannon, Woodings

**ABSENT/  
EXCUSED:** None.

**GUESTS:** Becky Schroeder, Idaho Lottery; Jeff Anderson, Idaho Lottery; Zeke Chemodurow, Intralot; Greg Zickau, Department of Administration; Tyler Mallard, Risch Pisca; Bill Roden, self; Jeremy Chou, Givens Pursley; Steve Wilson, State Controller's Office; Dan Goichechea, State Controller's Office; Michael Farley, Health & Welfare; Russell Westerberg, AMOI; Keith Reynolds, Department of Administration; Colby Cameron, Sullivan & Reberger; Dennis Stevenson, Department of Administration.

**Chairman Loertscher** called the meeting to order at 9:00 a.m.

**MOTION:** **Rep. Woodings** made a motion to approve the minutes of January 22nd and 23rd, 2013. **Motion carried by voice vote.**

**RS 21614:** **Chairman Loertscher** presented **RS 21614**, legislation changing the name of the Idaho Technology Resource Council to the Idaho Technology Authority as well as the purpose, composition, and responsibilities.

**MOTION:** **Rep. Barbieri** made a motion to introduce **RS 21614**. **Motion carried by voice vote.**

**DOCKET NO.  
52-0103-1203:** **Jeff Anderson**, Executive Director, Idaho State Lottery, presented **Docket No. 52-0103-1203**, Rules regarding scratch style games. He stated the proposed Rules deal with instant ticket games like Powerball and Mega-Millions. He also stated the current rules restrict games to ticket type transactions. **Mr. Anderson** presented a video of instant scratch type machines and check-a-ticket machines and their uses.

In response to questions, **Mr. Anderson** stated lottery games have predetermined winners as opposed to casino type games in which the consumers just play until they are tired of playing. He also stated the Lottery Commission leases the instant ticket machines from Intralot for \$80 per month. He stated that retail vendors receive a 5% commission on the sales of tickets and have to pass a criminal and financial background check to become authorized vendors. He also stated if the retailer is not selling many tickets, the sales will be moved to another location. He indicated the reason for the instant ticket kiosks is to reduce costs and raise the net income and profit margin. **Mr. Anderson** also stated the Lottery Commission follows case law regarding the use of lottery games that do not use random number generators, and no money is dispensed as opposed to casino games. He also stated that the kiosks could appear in other environments besides ones that are in age-controlled settings because the guidelines are not written into the Administrative Rules, instead they are guided by the Commission's policies. He also stated that the definition of online gaming is in the Administrative Rules **IDAPA Chapter 52.01.03, subsection 010** under definitions. He stated that with the instant win games, once the top prize is claimed, the game is taken off the market. He also stated 10 or 11 other U.S. jurisdictions, such as Ohio, Louisiana, New Mexico, Arkansas, and Montana, have these types of games.

He also stated that although the Commission cannot police every player, they do monitor the 211 Care Line and the gambling assistance website and have not seen any significant problems with gambling in Idaho.

**Jeremy Chou**, Attorney, Givens Pursley, responding to committee questions, indicated the case law in which the Lottery Commission is guided by is the "MDS Investments" case. He also stated that the new Rules emphasize adding better features to the system which are aimed at customer service, hence the direction to go paperless. He indicated that retailers are having problems with keeping paper tickets safe and secure which is part of their contract with the Commission. He also stated that airlines, RedBox, movie theaters, etc. use kiosks to ensure customer satisfaction.

**MOTION:** **Rep. Anderson(1)** made a motion to approve **Docket No. 52-0103-1203**.

In support of the motion, **Rep. Barbieri** stated he had spoken to retailers and found that the kiosks would help them with accounting for tickets.

In opposition to the motion, **Rep. Monks** stated he was concerned for the lack of rules that mandate where the machines can and cannot be located. He also stated that the current rules refer to a "ticket" not a "receipt" or "voucher" and there are potential problems with that. He also stated there is not much of a distinction between a slot machine and the lottery kiosks. **Rep. Smith** stated no retailers she advised of the rules, have contacted her to request the new kiosks.

**SUBSTITUTE MOTION:** **Rep. Luker** made a substitute motion to reject **Docket No. 52-0103-1203**.

**ROLL CALL VOTE:** Roll call vote was requested. **Substitute Motion carried by a vote of 9 AYE, 7 NAY, 0 Absent/Excused. Voting in favor of the motion: Reps. Loertscher, Batt, Andrus, Luker, Crane, Sims, Monks, Packer, Smith. Voting in opposition of the motion: Reps. Anderson(1), Palmer, Barbieri, Holtzclaw, McMillan, Gannon, Woodings.**

**RS 21743:** **Rep. Burgoyne** presented **RS 21743**, legislation regarding the Voter Convenience Act which requires counties to operate at least one additional polling place that allows Election Day voting and voter registration for all voters in that county.

In response to committee questions, **Rep Burgoyne** stated the point is to ease access to the polling place.

**MOTION:** **Rep. Woodings** made a motion to introduce **RS 21743**.

**SUBSTITUTE MOTION:** **Rep. Crane** made a substitute motion to return **RS 21743** to the sponsor. **Motion carried by voice vote.**

**ADJOURN:** There being no other business to come before the Committee, the meeting adjourned at 10:23 a.m.

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Representative Loertscher  
Chair

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Kasey Perkins  
Secretary