



LICENSING TERMS AND CONDITIONS

March 2025

The provisions of Iowa Code Chapter 99G, 701 Iowa Administrative Code, and any other applicable statutory or regulatory provisions are herein incorporated by reference. If a provision in this document conflicts with an applicable statutory or regulatory provision, the statutory or regulatory provision preempts the conflicting provision in this document. All retailers should familiarize themselves with applicable statutes and regulations. To view these statutes and regulations, go to https://ialottery.com/Pages/Legal/Legal_main.aspx

SECTION A – GENERAL TERMS AND CONDITIONS

1. **LICENSE TYPES.** Retailers will be issued one of the following licenses:

- **“All products” license**
 - An “all products” license allows the retailer to sell all lottery products.
 - The Licensing Terms and Conditions Sections A-F apply to this license type.
- **“Limited products” license**
 - A “limited products” license allows the retailer to sell only certain lottery products designated by the Iowa Department of Revenue (the Lottery).
 - A retailer with a limited products license can apply for an All Products license through a written request to the Lottery.
 - The Licensing Terms and Conditions Sections A-F apply to this license type, as appropriate for the products sold by the retailer.

2. **SCOPE.** By accepting an Iowa Lottery license, a retailer agrees to be bound by these terms and conditions. The requirements contained in Section A are applicable to all retailers unless otherwise provided. The requirements in Sections B-F are applicable only to retailers selling the particular product described in each of these sections. Retailers are responsible for reading these terms and conditions and providing training to their employees who sell lottery tickets about the requirements involved.

3. **AMENDMENTS.** These terms and conditions may be unilaterally amended by the Lottery by providing the retailer with 14 days’ written notice of amendment.

4. **TERM OF LICENSE.** A license is valid until it is terminated by a change of circumstances, is surrendered by the licensee, or is revoked or suspended by the Lottery.

5. **TRANSFER OF LICENSE PROHIBITED.** Lottery licenses may not be transferred to any other person or entity and do not authorize the sale of lottery products at any location other than the licensed premises specified on the license.

6. **REPORTING CHANGES IN CIRCUMSTANCE OF THE RETAILER.** The following changes in circumstance must be reported to the Lottery in advance:

- Transfer of ownership or change of more than 10 percent ownership;
- Address change for a licensee;
- Change of business structure of the licensee (such as from a sole proprietorship to a corporation);
- Change in the licensee's name;
- Any suspension, loss, or revocation of an Iowa business license issued to the licensee (such as a liquor license);
- Any criminal conviction (other than a minor traffic offense) of an owner, officer, partner, director, member, or member manager of a licensee.

The licensee shall provide the Lottery Security Bureau with notice required by this provision on the form provided by the Lottery for this purpose. If a change involves the addition or removal of one or more existing owners or officers, the licensee shall notify the Lottery and submit any documentation the Lottery may require. The Lottery will review all changes to determine if the existing license should continue, or whether a new license must be issued.

7. **DISPLAY OF LICENSE.** Retailers shall display the lottery license in an area visible to the public wherever tickets are sold. Retailers must immediately report loss or damage to a license to the Vice President of Security at the Lottery.

8. **LICENSEE DISCIPLINE.** A retailer's license may be revoked, suspended, terminated, or limited by the Lottery if a retailer provides the Lottery with false information on its retailer application or related materials, fails to comply with any applicable law or administrative rule, these terms and conditions, or verbal or written instructions given by the Lottery to the retailer. Except as outlined below, the range of sanction for any violation may consist of verbal warning, written notice of violation, posting of a bond, license suspension, license revocation, or other sanction or combination thereof, to be exercised at the sole discretion of the Lottery.

Sale of tickets to persons under the age of twenty-one (21) may result in the suspension of a retailer's license:

- First violation may result in a seven-day suspension;
- Second occurrence of the same violation within a one-year period may result in a thirty-day suspension;
- Third occurrence of the same violation within a one-year period may result in a one-year suspension.

9. **PERSONS AUTHORIZED TO SELL TICKETS.** Lottery tickets may be sold only on the licensed premises by employees of the licensed retailer who are authorized to sell lottery tickets, or through Lottery-approved equipment. If the retailer is a nonprofit organization, members of the organization may also sell lottery tickets if authorized by the organization. The retailer is responsible for the conduct of its employees and members, which is within the scope of the retailer's lottery license.

10. **PURCHASERS MUST BE 21.** Tickets shall not be sold to persons under the age of 21.

11. **METHOD OF SALE.** Tickets shall be sold on the licensed premises and not through the mail or by technological means except as the Lottery may provide or authorize.

12. **PAYMENT FOR TICKETS.** A retailer may accept payment by cash, check, money order, debit card, or prepaid gift card, non-deferred electronic payments through electronic wallets or mobile applications, electronic funds transfer or other form of cash-based payment.

13. **CREDIT PROHIBITED.** A retailer shall not accept payment by credit card or extend or arrange credit for the purchase of a lottery ticket.

14. **PRICE.** Tickets shall be sold at the price designated by the Lottery. Retailers shall not sell tickets for a greater amount than specified by the Lottery. Retailers shall not charge sales tax, or a processing or service fee for the purchase of a lottery ticket. Retailers may sell tickets for a lesser amount for promotion purposes, but only if authorized in advance by the Lottery.

15. **DEFECTIVE TICKETS.** Instant-scratch tickets and pull-tab tickets that are defective or mutilated when initially received by a retailer for sale shall be immediately returned to the Lottery for credit. After confirmation of delivery, the retailer is responsible for the condition and security of the tickets and for any losses resulting from tickets that become lost, stolen, or damaged.

16. **TIME OF SALES.** Lottery tickets may only be sold when the lottery computer system is operational.

17. **CLAIMS SERVICE.** Retailers must provide claims services during regular business hours whenever the lottery computer system is operational.

Retailers shall verify there is a signature on any ticket(s) submitted for checking or validation.

- Except for pull-tab tickets, retailers must pay all prizes up to \$100.
- Except for pull-tab tickets, retailers may pay prizes from \$101 to \$600 if sufficient funds are available.
- Prizes for pull-tab tickets must be claimed at the retail location where the ticket was sold. A pull-tab retailer is required to pay all pull-tab prizes up to and including \$600. *See also* Section D - Pull-Tab Games.
- All Prizes of more than \$600 must be redeemed at a lottery office.

Retailers shall pay the full amount of any valid claimed prize. Retailers shall not charge a fee or discount the prize amount when cashing a winning ticket. Retailers shall not withhold taxes from any claimed prize.

Unless otherwise agreed to by the player, payment shall be made in cash, money order, or by the retailer's check. Except for pull-tab tickets, payment must be made regardless of where the ticket was purchased. Retailers shall obtain and mutilate each ticket paid. The Lottery will reimburse the retailer for all valid prize claims paid.

Retailers shall provide claim forms to players for prizes of more than \$600. Prizes in excess of \$600, disputed prizes, and other prizes that may be specified by the Lottery must be claimed at a regional lottery office or lottery headquarters as appropriate.

18. **IDENTIFICATION OF WINNING TICKETS.** Retailers and retail employees shall not attempt to identify winning tickets until a signed ticket is presented for scanning or validation by a player.

19. **SALES REQUIREMENTS.** The Lottery shall determine, in its sole discretion, the allocation of lottery equipment, including but not limited to terminals, kiosks, or pull-tab vending machines, and the terms of a retailer's use of the same. The Lottery may specify minimum sales quotas that must be met to sell lottery products or possess lottery equipment. If a minimum sales quota is established, the quota will be provided to the retailer in writing. Retailers may be required to sell all lottery products as a condition of obtaining a license to sell a specific product.

20. **SALES INSTRUCTIONS.** Retailers shall comply with all Lottery instructions regarding ticket sales and related topics. Sales shall be made in a knowledgeable, courteous and responsible manner. Retailers and employees may be required to attend training sessions. Retailers are also responsible for ensuring all of their employees are properly trained and instructed on the rules for selling lottery products.

21. **SALES TO A PERSON WITH A DISABILITY.** Retailers must comply with applicable laws, including but not limited to the Iowa Civil Rights Act and the Americans with Disabilities Act, relating to access by disabled players. Retailers are responsible for ensuring that the retail facility is compliant with applicable law, including a lack of barriers for disabled players from the parking lot to the point of purchase of lottery products.

22. **COMPLIANCE WITH LAWS AND RULES.** Retailers shall comply with all applicable federal, state and local laws and rules when acting pursuant to a lottery license. These laws and rules include, without limitation, laws prohibiting discrimination in employment and in providing lottery services, the Lottery's enabling legislation (Iowa Code Chapter 99G), the administrative rules and game specific rules of the Lottery, and laws prohibiting the sale of gambling products.

23. **RETAILER COMPENSATION.** The Lottery, with Lottery Commission approval, shall set the retailer compensation for each product as provided in the Retailer Compensation Program. The Lottery may increase the total amount of retailer compensation by implementing sales incentive programs.

24. **PAYMENT TO LOTTERY.** Retailers are required to pay for lottery tickets by means of an electronic funds transfer from the retailer's account. In its sole discretion, the Lottery may allow a retailer to make payments by another method if the retailer can show that the electronic funds transfer system imposes a significant hardship on the retailer or if the Lottery determines that the retailer's payment history justifies use of an alternative payment method. Any payment made to the Lottery by an applicant for a license or by a licensed retailer either by a check, which is dishonored, or by an electronic funds transfer (EFT) which is not paid by the depository shall be grounds for immediate denial of the application for a license or for the suspension or revocation of an existing license. The Lottery may assess a surcharge and interest up to the maximum allowed by applicable state law for each dishonored check or EFT. The Lottery may also alter the payment terms of a retailer's license and require a retailer to reimburse the Lottery for costs, including but not limited to attorney fees and court costs, which occur because of a dishonored check or EFT. The retailer may also be required to post a bond. The retailer agrees that the venue for any legal action will be Polk County, Iowa. **This section does not apply to in-lane sales or debit card transactions through Lottery-approved kiosks.**

25. **INDEMNIFICATION OF LOTTERY.** The retailer and its successors and assignees shall defend, protect, indemnify and hold harmless the Lottery, the State of Iowa, and all employees thereof from and against all claims, liabilities, damages, expenses or actions arising from any act or omission, including willful or negligent acts or omissions, of the retailer or the retailer's employees or agents while performing under the authority of a lottery license.

26. **INSPECTION OF PREMISES.** Retailers shall allow the Lottery to enter without prior notice upon the licensed premises in order to inspect lottery materials, lottery equipment, tickets, videos, video monitors, official notices, related records, and the premises.

27. **RECORDS MAINTAINED BY RETAILER.** All books and records pertaining to the retailer's lottery activities shall be available to the Lottery for inspection and copying during the normal business hours of the retailer and between 8 a.m. and 5 p.m., Monday through Friday. All books and records pertaining to the retailer's lottery activities are subject to seizure by the Lottery without prior notice at any time. The Lottery or the Office of Auditor of State of Iowa may audit such records at any time at no cost to the Lottery or the State.

28. **SECURITY.** Retailers and retailer employees shall cooperate fully with the Lottery in any lottery investigation, including without limitation an investigation into damaged, missing, lost, or stolen tickets. This includes cooperation with any lottery investigation, and provision of any records, video, audio, or materials requested by lottery staff. Retailers shall immediately notify the Lottery Security Bureau if tickets or lottery property are stolen, lost, or damaged, or if lottery or lottery vendor equipment is damaged.

Retailers shall immediately notify the Lottery Security Bureau if the retailer, or any owner, officer, partner, director, member, or member manager is convicted of any criminal offense, other than a minor traffic offense. This includes, but is not limited to, conviction of any illegal gambling activity, false statements, perjury, theft, fraud, or any felony.

29. **TITLE TO TICKETS.** For instant-scratch or pull-tab tickets, title to tickets and risk of loss passes to the retailer at the time of delivery. The Lottery is not responsible for lost, damaged or stolen tickets after delivery.

30. **TITLE TO PROPERTY.** Unless otherwise indicated by the Lottery in writing, all property furnished to the retailer by the Lottery to facilitate the sale of tickets is owned by the Lottery or a lottery contractor. Any such property shall be returned upon request. Such property may be used only in conjunction with ticket sales. Retailers are responsible for all damages to such property beyond reasonable wear and tear.

31. **EQUIPMENT LOCATION.** Once initially placed by the Lottery, the retailer may not move a terminal, video monitor, kiosk, pull-tab vending machine or other lottery equipment without the consent of the Lottery. Kiosks and pull-tab vending machines must be placed in an accessible high-traffic area that is easily monitored by the retailer for security- and age-compliance purposes.

32. **EQUIPMENT OPERATION.** Retailers shall operate terminals and other Lottery-approved equipment in a responsible manner and shall immediately notify the Retailer Hotline of any out- of-order conditions in the machines. Retailers shall replace paper stock and repair paper jams, but retailers shall not perform any mechanical or electrical work on the equipment. All paper stock

used in lottery equipment must be Lottery-approved paper stock. Retailers must keep kiosks and pull-tab vending machines fully stocked and in working order during business hours. Retailers are required to perform minor preventive maintenance.

33. **ELECTRICAL REQUIREMENTS.** Retailers must provide, at their own expense, electrical requirements and pay all electrical charges associated with running lottery equipment. Electrical service to the lottery equipment must be provided 24 hours per day.

34. **COMMUNICATION SYSTEM REQUIREMENTS.** The Lottery will install a communication system in the retailer's business establishment for the operation of the lottery terminal. The initial communication system needed for operation of the terminal shall be installed at the Lottery's expense; however, the retailer shall pay any costs associated with relocation of the system for the retailer's convenience.

35. **WEEKLY SERVICE CHARGE.** "All products" retailers are required to pay a weekly service charge as set by the Lottery.

36. **REPORTS.** The Lottery may require retailers to maintain and deliver to the Lottery any records of any transaction or report produced by lottery equipment.

37. **RETAILER TERMINAL** Except as provided in Section F, retailers are required to have a Lottery-issued terminal and ticket checker.

38. **TICKET DISPENSERS.** Retailers will display tickets only in ticket dispensers, containers, racks or other means approved by the Lottery.

39. **DISPLAY OF ADVERTISING MATERIALS.** Retailers shall display marketing materials and place brochures or similar items provided by the Lottery, which are designed to provide information regarding lottery games, near the point at which tickets are sold. Retailers shall display point-of-sale material provided by the Lottery in a manner that is readily seen by and available to the public. Retailers may advertise and use or display other appropriate promotional and point-of-sale material. The Lottery may require the removal of objectionable material or the discontinuance of objectionable advertising that may have an adverse impact on the Lottery.

SECTION B – INSTANT-SCRATCH GAMES

1. **INSTANT-SCRATCH GAMES DEFINED.** Instant-scratch games are comprised of preprinted tickets that are played by removing a protective coating on the ticket to identify immediately whether the player has won.

2. **SALES REMITTANCE.** Packs of tickets shall be sold to retailers at the full retail price. The default method for the Lottery to charge retailers for tickets sold is when 70 percent of guaranteed prizes from the pack have been paid, or 45 days following delivery, whichever is earlier, unless the Lottery and the retailer have agreed to other terms. Retailers will be credited for sales commissions after the tickets have been settled. Payment will occur weekly on a net basis as of the close of business on Saturday and will be transferred to the Lottery by electronic funds transfer each week on the day specified by the Lottery.

3. **UNSOLD TICKETS.** The Lottery may allow partial or full credit for returned tickets as part of a special promotion or specific game. If credit will not be given, the Lottery will specifically notify retailers of this restriction.

4. **LAST TOP PRIZE CLAIMED.** When the last top prize in a game has been claimed, the Lottery will send an electronic message to the retailer terminal instructing the retailer to cease selling the game and return the tickets to the lottery district sales representative the next time the sales representative calls on the retailer.

SECTION C – LOTTO GAMES

1. **LOTTO GAMES DEFINED.** Lotto games are draw games connected to a central computer via telecommunications in which the player selects a specified group of numbers, symbols, or characters out of a predetermined range.

2. **SALES REMITTANCE.** Retailers shall remit the proceeds from the sale of tickets along with the weekly service charge. Retailers will be credited for sales commissions. Settlement will be made weekly on a net basis and will be computed as of the close of business on Saturday. Payment will be made by electronic funds transfer on the day specified by the Lottery.

3. **METHODS OF PLAY.** If required by the game specific rules, a player must select an appropriate number of the available game variables. A player may select each game variable by marking a play slip and submitting the play slip to a retailer, by asking a retailer to manually enter the game variables, or by purchasing an “easy pick” ticket from a retailer. Players may also purchase game plays from Lottery-approved equipment if available. Facsimiles of play slips or other materials that are not provided by the Lottery shall not be used. Machine-printed play slips shall not be used. The retailer shall not allow any device to be connected to lottery equipment to enter plays, except as may be approved by the Lottery. Plays generated by a Lottery-approved application and displayed on electronic devices such as iPads, smartphones, and other electronic devices are acceptable. Unapproved play slips or other devices may be seized by the Lottery.

4. **METHOD OF SALE.** Tickets shall only be sold through Lottery-approved equipment. The retailer shall not enter into any special agreements with players to facilitate the purchase of large quantities in a manner outside the normal method of play. A retailer shall not knowingly sell a ticket or combination of tickets to any person or entity, which would guarantee such a purchaser a jackpot or top-prize win.

5. **WINNING NUMBERS.** Retailers shall produce a winning numbers report upon request of a player.

6. **PLAY SLIPS AND BROCHURES.** Retailers will make how-to-play brochures and play slips available for each game.

7. **DAMAGED TICKETS OR TICKETS PRODUCED IN ERROR.** Refer to Retailer Compensation Program.

SECTION D – PULL-TAB GAMES

1. **PULL-TAB GAMES DEFINED.** Pull-tab games are comprised of preprinted lottery tickets with the play symbols hidden beneath a protective tab that when opened reveals immediately whether the player has won.

2. **SALES REMITTANCE.** Pull-tab tickets shall be sold to the retailer at the retail purchase price less the sales commission and the value of the guaranteed low-end prizes in the game. Guaranteed low-end prizes are prizes that uniformly appear in each unit of tickets. Settlement shall be computed weekly as of the close of business on Saturday of the delivery week and shall be transferred to the Lottery by electronic funds transfer on the date specified by the Lottery.

3. **CLAIMS SERVICE.** After the player has signed the pull-tab ticket, the retailer shall verify that the winning ticket was sold at that location by scanning the barcode with the barcode reader.

- Prizes up to and including \$600 must be paid by the retailer who sold the ticket.
- Prizes of more than \$600 must be redeemed at a Lottery office.

Unless otherwise agreed to by the player, payment shall be made in cash, money order, or by the retailer's check. Retailers shall pay the full amount of any valid claimed prize. Retailers shall not charge a fee or discount the prize amount when cashing a winning ticket. Retailers shall not withhold taxes from any claimed prize. Retailers shall obtain and mutilate each ticket paid.

SECTION E – INSTAPLAY GAMES

1. **INSTAPLAY GAMES DEFINED.** InstaPlay games are comprised of instant tickets printed on lotto terminal paper with play symbols that are not concealed by a protective coating.

2. **SALES REMITTANCE.** Retailers shall remit the proceeds from the sale of tickets along with the weekly service charge. Retailers will be credited for sales commissions. Settlement will be made weekly on a net basis and will be computed as of the close of business on Saturday. Payment will be made by electronic funds transfer on the day specified by the Lottery.

3. **METHODS OF PLAY.** Plays will be generated through Lottery-approved equipment.

4. **METHOD OF SALE.** All offers to buy and to sell InstaPlay game tickets shall be made only at the lottery terminal or through Lottery-approved equipment. The retailer shall not enter into any special agreements with players to facilitate the purchase of large quantities of tickets in a manner outside the normal method of play. A retailer shall not knowingly sell a ticket or combination of tickets to any person or entity, which would guarantee such a purchaser a top prize or progressive prize win.

5. **SALE OF PREPRINTED INSTAPLAY TICKETS PROHIBITED.** Retailers shall not print InstaPlay tickets in advance of a player's in-person request to do so. Retailers are prohibited from selling or reselling InstaPlay tickets that are generated prior to a player's in-person request at the retailer counter for an InstaPlay ticket. This prohibition applies regardless of whether the InstaPlay ticket was generated in error by the retailer.

SECTION F – IN-LANE LOTTERY PRODUCTS (ILP)

1. **IN-LANE LOTTERY PRODUCTS (ILP) DEFINED.** In-lane lottery products are lottery products activated and sold through retailer point-of-sale devices. These products include, but are not limited to:

- Cards that contain pre-printed lotto numbers under a protective coating and are activated through the retailer point-of-sale device at the time of purchase.
- Lotto tickets that are sold through the retailer cash register and printed on cash register receipt paper.

2. **KEY TERMS.**

- **In-lane Vendor.** A business that facilitates the sale of lottery products from one or more point-of-sale devices or cash registers that are located on premises owned or leased by the in-lane retailer.
- **In-lane Retailer.** A business establishment with a lottery license where one or more in-lane point-of-sale devices are located.

3. **REMITTANCE.** The Lottery will bill the in-lane vendor for the tickets sold through the in-lane vendor's point-of-sale system. Settlement will occur weekly as of the close of business on Saturday. Payment from the in-lane vendor will be transferred to the Lottery by electronic funds transfer each week on the day specified by the Lottery. The in-lane vendor will separately settle with the in-lane retailer under terms established by the in-lane vendor and in-lane retailer.

4. **ILP LIMITED-LICENSE RETAILER.** An ILP limited-license retailer is a retailer licensed to sell only in-lane products. An ILP limited-license retailer is not required to have a Lottery-issued terminal or pay a weekly service charge.

5. **METHOD OF SALE.** In-lane products will only be sold through retailer point-of-sale devices approved by the Lottery.