

CHAPTER 44  
GAMES OF SKILL AND GAMBLING  
S. F. 519

AN ACT amending the laws relating to games of skill, chance and raffles and providing penalties.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 99B.1, Code 1981, is amended by adding the following new subsections:

NEW SUBSECTION. "Applicant" means an individual or an organization.

NEW SUBSECTION. "Eligible applicant" means an applicant who meets all of the following requirements:

a. The applicant's financial standing and good reputation are within the standards established by the department by rule under chapter 17A so as to satisfy the director that the applicant will comply with this chapter and the rules applicable to operations under it.

b. The applicant is a citizen of the United States and a resident of this state, or a corporation licensed to do business in this state, or a business that has an established place of business in this state or that is doing business in this state.

c. The applicant has not been convicted of a felony. However, if the applicant's conviction occurred more than five years before the date of the application for a license, and if the applicant's rights of citizenship have been restored by the governor, the director may determine that the applicant is an eligible applicant.

If the applicant is an organization, then the requirements of paragraphs a, b, and c apply to its officers, directors, partners, and controlling shareholders.

NEW SUBSECTION. "Controlling shareholder" means either of the following:

a. A person who directly or indirectly owns or controls ten percent or more of any class of stock of a license applicant.

b. A person who directly or indirectly has an interest of ten percent or more in the ownership or profits of a license applicant.

NEW SUBSECTION. "Bingo occasion" means a single gathering or session at which successive bingo games are played. A bingo occasion commences when the operator of the game begins to announce the number, letter, or combination of numbers or letters through which the winner of a single bingo game will be determined.

Sec. 2. Section 99B.1, subsection 4, Code 1981, is amended to read as follows:

4. "Bingo" means a game, whether known as bingo or any other name, in which each participant uses one or more cards each of which is marked off into spaces arranged in horizontal and vertical rows of spaces, with each

space being designated by number, letter, or combination of numbers and letters, no two cards being identical, with the players covering spaces as the operator of ~~such~~ the game announces the number, letter, or combination of numbers and letters appearing on an object selected by chance, either manually or mechanically, from a receptacle in which have been placed objects bearing numbers, letters, or combinations of numbers and letters corresponding to the system used for designating the spaces, with the winner of each game being the player or players first properly covering a predetermined and announced pattern of spaces on a card being used by ~~him~~ the player or them players. Each determination of a winner by the method described in the preceding sentence is a single bingo game at any bingo occasion.

Sec. 3. Section 99B.1, subsection 6, Code 1981, is amended by striking the subsection and inserting in lieu thereof the following:

6. "Net receipts" means gross receipts less amounts awarded as prizes. Reasonable expenses, charges, fees, taxes, and deductions allowed by the department of revenue shall not exceed twenty-five percent of net receipts.

Sec. 4. Section 99B.2, subsection 1, Code 1981, is amended to read as follows:

1. The department ~~shall--be~~ is the agency responsible for issuing any license required by this chapter. A license shall not be issued, except upon submission to the department of an application on forms furnished by the department, and ~~upon-submission-of~~ the required license fee. A license may be issued to any applicant who is an eligible applicant. However, a license shall not be issued to an applicant who has been convicted of or pled guilty to a violation of this chapter, or who has been convicted of or pled guilty to a violation of chapter 123 that resulted, at any time, in revocation of a license issued to the applicant under chapter 123 or that resulted, within the twelve months preceding the date of application for a license required by this chapter, in suspension of a license issued under chapter 123. A license also shall not be issued for a location for which a previous license issued under this chapter or chapter 123 has been revoked within the preceding two years. Except as otherwise provided in this chapter, a license ~~shall-be~~ is valid for a period of ~~one-year~~ two years from the date of issue. The license fee ~~or-any-part-thereof-shall~~ is not be refundable, but shall be returned to the applicant ~~in-the-event~~ if an application is not approved.

Sec. 5. Section 99B.2, subsection 3, Code 1981, is amended to read as follows:

3. Each licensee required by subsection 2 to maintain records shall submit quarterly reports to the department on forms furnished by the department. The reports shall contain a compilation of the information required to be recorded by subsection 2, and shall include all of the transactions occurring during the three-month period for which the report is submitted. Failure to submit the quarterly reports ~~shall-constitute~~ is grounds for revocation of the license. Willful failure to submit quarterly reports is a serious misdemeanor. However, the time for filing of reports may be extended for thirty days if the licensee makes written request to the department for an extension which request shows good cause for granting the

extension. The making of any false or fraudulent report or application with intent to defeat or evade any tax assessment, fee, or charitable dedication and distribution required by law is a serious misdemeanor.

Sec. 6. Section 99B.3, subsection 1, paragraph b, Code 1981, is amended to read as follows:

b. The person conducting the game has submitted a license application and a fee of fifteen dollars for each game, and has been issued a license for the game, and prominently displays the license at the playing area of the game. A license is valid for a period of one year from the date of issue.

Sec. 7. Section 99B.6, subsection 1, paragraph a, Code 1981, is amended to read as follows:

a. The holder of the liquor control license or beer permit has submitted an application for a license and an application fee of ~~twenty-five~~ one hundred dollars, and has been issued a license, and prominently displays the license on the premises.

Sec. 8. Section 99B.7, subsection 1, paragraph c, Code 1981, is amended to read as follows:

c. Cash prizes may be awarded in the game of bingo and shall not exceed one hundred dollars. Merchandise prizes may be awarded in the game of bingo, <sup>7</sup> however, the actual retail value of the prize, or if the prize consists of more than one item, unit or part, the aggregate retail value of all items, units or parts, shall not exceed one hundred dollars. A jackpot bingo game may be conducted once during any twenty-four hour period in which the prize doubles if not won at one game. ~~However~~ however, the cost of play shall not be increased and the jackpot shall not amount to more than five hundred dollars in cash or actual retail value of merchandise prizes. A jackpot bingo game ~~shall~~ is not be deemed prohibited by paragraph "h" of this subsection. A bingo occasion shall not last for longer than four consecutive hours. A qualified organization shall not hold more than fourteen bingo occasions per month. Bingo occasions held under a limited license shall not be counted in determining whether a qualified organization has conducted more than fourteen bingo occasions per month, nor shall bingo occasions held under a limited license be limited to four consecutive hours. With the exception of a limited license bingo, no more than three bingo occasions per week shall be held within a structure or building and only one person licensed to conduct games under this section may hold bingo occasions within a structure or building. However, a qualified organization whose gross receipts for the previous four quarters were three thousand five hundred dollars or less may hold more than fourteen bingo occasions per month and more than three bingo occasions per week within the same structure or building, and bingo occasions conducted by such a qualified organization may last for longer than four consecutive hours. At the conclusion of each bingo occasion, the person conducting the game shall announce both the gross receipts received from the bingo occasion and the use permitted under subsection 3, paragraph b, of this section to which the net receipts of the bingo occasion will be dedicated and distributed.

Sec. 9. Section 99B.7, subsection 1, Code 1981, is amended by adding the following new paragraphs:

NEW PARAGRAPH. The person or organization conducting the game can show to the satisfaction of the department that it is eligible for exemption from federal income taxation under either section 501(c)(3), 501(c)(5), 501(c)(6), 501(c)(10) or 501(c)(19) of the Internal Revenue Code, as defined in section 422.4. However, this paragraph does not apply to a political party as defined in section 43.2 or to a nonparty political organization that has qualified to place a candidate as its nominee for statewide office pursuant to chapter 44.

NEW PARAGRAPH. The person conducting the game does none of the following:

- (1) Hold, currently, another license issued under this section.
- (2) Own or control, directly or indirectly, any class of stock of another person who has been issued a license to conduct games under this section.
- (3) Have, directly or indirectly, an interest in the ownership or profits of another person who has been issued a license to conduct games under this section.

Sec. 10. Section 99B.7, subsection 3, paragraph a, Code 1981, is amended to read as follows:

a. A person wishing to conduct games and raffles pursuant to this section as a qualified organization shall submit an application and a license fee of ~~twenty-five~~ one hundred dollars. However, upon submission of an application accompanied by a license fee of fifteen dollars, a person may be issued a limited license which shall authorize the person to conduct all games and raffles pursuant to this section at a specified location and during a specified period of fourteen consecutive calendar days. A limited license shall not be issued more than once during any twelve-month period to the same person, or for the same location.

Sec. 11. Section 99B.7, subsection 3, paragraph b, Code 1981, is amended to read as follows:

b. A person or the agent of a person submitting application to conduct games pursuant to this section as a qualified organization shall certify ~~as a part of that application~~ that the net receipts of all games, less reasonable expenses, charges, fees, taxes, and deductions allowed by this chapter, either ~~shall~~ will be distributed as prizes to participants or ~~shall~~ will be dedicated and distributed to educational, civic, public, charitable, patriotic or religious uses in this state and that the amount dedicated and distributed will equal at least seventy-five percent of the net receipts. "Educational, civic, public, charitable, patriotic, or religious uses" means uses benefiting a society for the prevention of cruelty to animals or animal rescue league, or uses benefiting an indefinite number of persons either by bringing them under the influence of education or religion or relieving them from disease, suffering, or constraint, or by erecting or maintaining public buildings or works, or otherwise lessening the burden of government, or uses benefiting any bona fide nationally chartered fraternal or military veterans' corporation or organization which operates in Iowa a clubroom, post, dining room, or dance hall, ~~as long as it continues to operate such,~~ but do not include the erection, acquisition, improvement, maintenance, or repair of real, personal or mixed property unless it is used exclusively for one or more of the uses stated. "Public uses" specifically includes dedication of

net receipts to political parties as defined in section 43.2. "Charitable uses" includes uses benefiting a definite number of persons who are the victims of loss of home or household possessions through explosion, fire, flood, or storm and when the loss is uncompensated by insurance, and uses benefiting a definite number of persons suffering from a seriously disabling disease or injury, causing severe loss of income or incurring extraordinary medical expense, ~~which when the loss~~ is uncompensated by insurance.

Sec. 12. Section 99B.7, subsection 3, paragraph c, Code 1981, is amended to read as follows:

c. A qualified organization shall distribute amounts awarded as prizes on the day ~~the prizes~~ they are won. A qualified organization shall dedicate and distribute the balance of the net receipts ~~net-later-than-one-hundred-eighty days-from-the-date~~ received within a quarter and remaining after deduction of reasonable expenses, charges, fees, taxes, and deductions allowed by this chapter, before the quarterly report required for that quarter under section 99B.2, subsection 3, is due. The amount dedicated and distributed must equal at least seventy-five percent of the net receipts. A person desiring to hold the net receipts for a period longer than ~~one-hundred-eighty-days-must~~ permitted under this paragraph shall apply to the department for special permission and upon good cause shown the department may grant the request.

Sec. 13. Section 99B.9, subsection 1, paragraph a, Code 1981, is amended to read as follows:

a. The person occupying the premises as an owner or tenant has submitted an application for a license and an application fee of ~~twenty-five~~ one hundred dollars, and has been issued a license for those premises, and prominently displays the license on the premises.

Sec. 14. Chapter 99B, division IV, Code 1981, is amended by adding the following new section:

NEW SECTION. ATTORNEY GENERAL AND COUNTY ATTORNEY. Upon request of the department of revenue, the attorney general shall institute in the name of the state the proper proceedings against a person charged by the department with violating a provision of this chapter, and a county attorney, at the request of the attorney general, shall appear and prosecute an action when brought in the county attorney's county.

Approved June 16, 1981