

GAMES OF SKILL, CHANCE, BINGO AND RAFFLES

CHAPTER 100
ADMINISTRATION

[Prior to 12/17/86, Revenue Department[730], Ch 91]
[Prior to 11/18/87, Racing and Gaming Division[195]]
[Prior to 6/14/89, Racing and Gaming Division[491], Ch 20]

481—100.1(10A,99B) Definitions. Definitions in this chapter apply to all gambling rules.

“*Active in Iowa*” means that the primary place for conducting legal activities or transactions is the state of Iowa. Maintaining a checking account, listing a telephone number or conducting minor business in Iowa is not considered being active in Iowa.

“*Bingo distributor*” means an individual or entity supplying either equipment or supplies to users licensed to conduct bingo in the state of Iowa.

“*Bingo manufacturer*” means any entity which originally produces bingo equipment and supplies for use by organizations or individuals licensed to conduct bingo in the state of Iowa. The process of collating and assembling bingo packets from previously manufactured goods is not considered manufacturing.

“*Bingo supplies and equipment*” means a machine, display board, monitor, card, bingo paper, or any other implement or provision used in the conduct of the game of bingo licensed pursuant to Iowa Code chapter 99B.

“*Calendar raffle*” means a grid which denotes the days, weeks and months of a year and from which prizes are awarded on different dates.

“*Casino gambling*” means the house provides a banker, dealer, croupier or a specially designed table; and gamblers play against the house.

“*Dedicated*” means that the net receipts shall be used to benefit citizens of Iowa. An educational scholarship granted to a citizen of this state may be used in a college or university outside of Iowa when a citizen of Iowa benefits. When funds are spent outside of Iowa, the purpose must qualify and the funds must benefit an indefinite number of Iowans.

“*Department*” means the department of inspections and appeals.

“*Director*” means the director of the department of inspections and appeals or authorized assistants and employees.

“*Educational, civic, public, charitable, patriotic, or religious use*” is defined in Iowa Code section 99B.7(3), paragraph “b.”

“*Fair*” means an annual fair or exposition held by the Iowa state fair board or any fair held by a county or district fair or agricultural society under the provisions of Iowa Code chapter 174.

“*Location*” means the space, building, or room which is used by a licensee to conduct gambling. All spaces, buildings or rooms which the licensee uses, owns, rents or controls which are adjacent to the gambling space are included. Any area accessible through a common doorway is part of the gambling location, no matter who uses, owns, rents or controls the area.

“*Merchandise*” means a tangible, usable product which has its own value. A merchandise gift certificate exchangeable only for merchandise is acceptable. The merchandise prize cannot be purchased by the person conducting the game. Iowa lottery tickets or shares sold pursuant to Iowa Code chapter 99E are merchandise.

“*Place of business*” means the primary office, warehouse, store, building or structure where goods, wares, merchandise or services are offered for sale, or where any taxable amusement is conducted.

“*Political party organization*” means a group affiliated with and authorized by a political party. This includes a state, county or district central committee or an auxiliary group or committee appointed for a special purpose such as fund-raising. Political action committees are not eligible for gambling licenses.

“Premises” means location.

“Pyramid” or “build up” means a game in which a prize must be returned in order to play another game or to be eligible for another bigger prize, or a game in which a prize must be forfeited if a later game is lost.

“Responsible party” means the person identified on the license application as the contact person. The responsible person is expected to have a general knowledge of Iowa gambling laws and rules. This person is deemed to be an agent of the organization until the department is notified otherwise in writing.

This rule is intended to implement Iowa Code chapter 99B.

481—100.2(99B) Licensing. Before the sale of any bingo equipment or supplies to a licensee by a bingo manufacturer or bingo distributor, or before any gambling may occur, a gambling license application must be approved by the department.

Gambling is restricted to the location applied for by the qualified organization and approved by the department. A license may be transferred to a different location only after application by the licensee and approval by the department. Permission for temporary off-site use of a license may be granted upon request to the department.

Application forms are available from the Social and Charitable Gambling Unit, Department of Inspections and Appeals, Lucas State Office Building, Des Moines, Iowa 50319-0083, or by calling (515)281-6848. A short-form application for school district boards of directors is also available from the department.

Licenses are valid for two years after the date issued. Exceptions are:

1. The 14-consecutive-day amusement sponsor’s license;
2. The 14-consecutive-day qualified organization license;
3. The one-year amusement concession license;
4. The 12-hour annual game night license;
5. The fair raffle license, which shall be valid for the length of the fair;
6. The 90-day qualified organization raffle license;
7. The 180-day qualified organization raffle license;
8. The one-year statewide raffle license.

100.2(1) A timely application must be received at least 30 days before the beginning date requested. Applications not timely filed may be returned. The department shall make a good faith effort to process applications and grant licenses before requested dates.

100.2(2) There are 11 types of gambling licenses:

- a. One-year license for an amusement concession described in 481—Chapter 101;
- b. Fourteen-day sponsor’s license for a carnival, bazaar, centennial or celebration as described in 481—Chapter 101;
- c. Two-year license for social gambling in beer and liquor establishments described in 481—Chapter 102;
- d. Two-year license for social gambling in public places described in 481—Chapter 102;
- e. License for fair raffle conducted by a bona fide fair or qualified organization described in rules 100.50(99B) to 100.52(99B);
- f. License for an annual game night described in rules 100.60(99B) to 100.63(99B);
- g. Two-year license for a qualified organization described in 481—Chapters 100 and 103;
- h. Limited 14-day license for a qualified organization described in 481—Chapters 100 and 103;
- i. Limited 90-day license for a qualified organization for raffles only, as described in 481—Chapter 100;
- j. Limited 180-day license for a qualified organization for raffles only, as described in 481—Chapter 100; and
- k. One-year statewide raffle license described in 481—Chapter 100.

100.2(3) A game or occasion shall not occur until a license is issued by the department. The license shall be prominently displayed at the gambling location. An authorization number to operate may be issued to an applicant until a license is issued.

This rule is intended to implement Iowa Code sections 99B.2 and 99B.7.

481—100.3(99B) License requirements. The following standards are used to determine whether a gambling license is issued. These standards do not apply to licensure as a bingo manufacturer or a bingo distributor. These are not considered all-inclusive.

100.3(1) A credit reference is required and must be exemplary.

There must be no outstanding state tax liabilities.

The applicant for a two-year qualified organization license must either possess or have made application for a sales tax permit.

100.3(2) Each applicant shall notify the chief of police, county sheriff or designee for each locality in which gambling is anticipated when an application is submitted. The signature of a local law enforcement official is required on each application to affirm notification. Amusement concessionaires may obtain endorsement from the sponsor of an event in which the concessionaire will operate.

100.3(3) No one who has more than two delinquent quarterly gambling reports in the last year shall be licensed. A quarterly report is delinquent if it is received by the department more than 30 days after the last day of the calendar quarter.

100.3(4) No one involved in an organization which has a revocation pending will be granted a license similar to the one revoked.

No one who has a gambling license currently under six-month revocation may be granted any gambling license during the period of revocation. There shall be no current revocation of either a gambling or a liquor license for the location named on an application.

100.3(5) No applicant shall have been convicted of or pled guilty to a criminal violation of the Iowa gambling law.

100.3(6) Violation of gambling law or the Iowa alcoholic beverage control Act (Iowa Code chapter 123) affects whether a gambling license is issued.

a. The applicant may have no more than two convictions or guilty pleas of serious or aggravated misdemeanors in the last two years. This includes any combination of serious or aggravated misdemeanors.

b. No liquor license shall have been suspended within the last 12 months because of a conviction or guilty plea to a criminal violation of the Iowa alcoholic beverage control Act (Iowa Code chapter 123).

c. No liquor license shall have been revoked because of a conviction or guilty plea to a criminal violation of the Iowa alcoholic beverage control Act.

d. No applicant shall have been convicted of a felony, federal or state, within five years of the date of the application. In order to have an application considered, citizenship rights must have been restored.

100.3(7) The department shall be satisfied of the good moral character of each applicant, including all officers, partners, agents, or directors of an organization.

a. A license shall not be issued to an organization if an officer, partner, agent, or director of the organization has been associated, directly or indirectly, with the conduct of bingo or the management or handling of bingo funds, of an organization currently under investigation, audit, revocation or suspension.

b. A license shall not be issued if any officer, partner, agent, director of an organization, or person associated with bingo, is involved in a dispute concerning the conduct of bingo, the use of bingo funds, or other allegations relating to bingo.

c. A license shall not be issued to an organization at a location that has experienced a dispute, not resolved to the satisfaction of the department, concerning the conduct of bingo by the owner or lessee of the location.

100.3(8) Any qualified organization conducting gambling activities must be one of the following types of organizations:

a. The organization is tax-exempt under Section 501(c)(3), 501(c)(4), 501(c)(5), 501(c)(6), 501(c)(7), 501(c)(8), 501(c)(10), or 501(c)(19) of the Internal Revenue Code, as defined in Iowa Code section 422.3. A letter of determination from the IRS must be attached to the application, or proof of filing IRS Form 1023 or 1024 may be accepted if the department is satisfied that the organization is eligible;

b. The organization is an agency or instrumentality of the United States government, this state, or a political subdivision of this state; or

c. The organization is a parent-teacher organization or booster club that is recognized as a fundraiser and supporter for a school district organized pursuant to Iowa Code chapter 274 or for a school within the school district. A notarized letter signed by the president of the board of directors, the superintendent of the school district, or a principal of a school within that school district must accompany the application.

100.3(9) An organization must have been in existence at least five years in order to be eligible for a two-year license. However, if an organization is a local chapter of a national organization, and the local chapter has been in existence for two years, the local chapter may obtain a license by supplying evidence to the department that the national organization has been in existence the required five-year time period.

This rule is intended to implement Iowa Code sections 99B.1(21), 99B.2, 99B.16, and chapter 123.

481—100.4(99B) Participation. No one who conducts a game of skill, game of chance or raffle may participate in the game or raffle. No employee of anyone who conducts a game of skill, game of chance or raffle may participate during any occasion in which the employee works.

This rule is intended to implement Iowa Code sections 99B.7(1) “*b*” and 99B.7(1) “*n*.”

481—100.5(99B) Posted rules. House rules shall be posted on a sign near the front of the playing area.

1. The sign shall be at least 30 inches by 30 inches.
2. Permanent letters 3 inches high shall proclaim “Rules of the Game.”
3. Rules shall be in large, easily readable print and shall include:
 - The name and mailing address of the licensee;
 - Price to play; and
 - House rules for the game.

This rule is intended to implement Iowa Code section 99B.1(20).

481—100.6(99B) Prizes. Prizes are governed by the following standards:

100.6(1) Maximum prizes or limits are:

a. Concession licensees.

- Games of skill and games of chance \$50 in merchandise
- Bingo \$50 in merchandise

b. Qualified organizations.

- Games of skill and games of chance \$1,000 in merchandise
- Small raffles aggregate value of all prizes up to and including \$10,000 in cash and merchandise
- Annual raffles aggregate value of all prizes must exceed \$10,000 in merchandise
- Raffles at a fair aggregate value of all prizes up to and including \$1,000 in merchandise
- Real property raffle in lieu of annual raffle aggregate value of real property must exceed \$10,000
- Annual raffles at a fair aggregate value of all prizes must exceed \$1,000 in cash and merchandise
- Single bingo game up to \$100 cash or merchandise
- Bingo jackpots \$800 cash or merchandise

See 481—subrule 103.6(6) for exception for a bingo jackpot game.

c. Social gambling. An individual shall not win or lose more than \$50 in a 24-hour period.

d. Annual game night. An individual shall not spend more than \$250 for entrance fees and wagers. There is no limit on winning.

100.6(2) If merchandise such as scholarships, airline tickets and other similar items is awarded as prizes, the merchandise shall not be converted to cash by the donor or provider. Winning lottery tickets or shares awarded as prizes may be converted to cash pursuant to lottery rules and statutes. Prizes awarded in games in which there are multiple winners are to be shared in equal proportion among the winners. However, it is permissible to round to the nearest dollar. A person shall not be required to return cash or a merchandise prize won in one game in order to play a subsequent game, nor can a person be required to play in one game in order to play in a subsequent game. No prize may be displayed which cannot be won in a single game.

This rule is intended to implement Iowa Code sections 99B.3 and 99B.7.

481—100.7(10A,99B) Records. Gambling records, maintained separately from all other records, shall be kept current. (See Table A*)

100.7(1) A record of prizes awarded shall contain the following information:

- a.* Prizes of \$100 or less:
 - (1) Date,
 - (2) Number or name and description of game,
 - (3) Value of each prize.

*See forms at end of Chapter 103

b. Prizes of more than \$100:

- (1) Date,
- (2) Name, address and social security number of each winner,
- (3) Value of prize,
- (4) Any amount withheld for state income tax (required of prizes of more than \$600),
- (5) Any amount withheld for federal income tax (deduction of 20 percent federal withholding taxes is required on cash prizes over \$1,000).

Records shall be maintained for three years for review by the department.

100.7(2) Records of expenses and dedicated and distributed money are required. A book may be maintained which contains both. If this method is chosen, expense information shall be separate and distinct from information about dedicated and distributed money. Each subject must be in a clearly labeled section.

a. The name, address, date, purpose and amount dedicated to another person or organization shall be available for review.

b. If dedicated funds are used by the licensee, the date, purpose and amount must be recorded.

c. Receipts used for expenses shall be recorded. The record must show:

- (1) The date,
- (2) The amount,
- (3) The purpose, and
- (4) To whom paid.

d. Invoices or bills for expenses must be maintained. Advertising copy and invoices must be retained for verification.

Records shall be maintained for three years for review by the department.

This rule is intended to implement Iowa Code sections 99B.2 and 422.16.

481—100.8(10A,99B) Inspections. A representative of the department shall be admitted immediately upon request to gambling premises, with or without notice. Records shall be made available to the department or any law enforcement officer when requested. Department employees shall receive any requested assistance needed to complete inspection of records.

This rule is intended to implement Iowa Code section 99B.2(2).

481—100.9(99B) Reports. Qualified organizations and those who have annual game night or fair raffle licenses are required to file reports explained in this rule.

100.9(1) The quarterly report of a public school district shall include all transactions of any group operating under the license.

100.9(2) Quarterly reports are submitted on a calendar-quarter basis. The quarterly report form is provided by the department.

a. The first quarter is January 1 to March 31;

b. The second quarter is April 1 to June 30;

c. The third quarter is July 1 to September 30;

d. The fourth quarter is October 1 to December 31.

Reports written on forms provided by the department are due 30 days after the end of the quarter. When the due date is on Saturday, Sunday or a legal holiday, the report is due the next business day. Subrule 100.13(5) contains further specific information.

The department may require a qualified organization to submit records of specific occasions with the quarterly report.

This rule is intended to implement Iowa Code sections 99B.2(4) and 99B.16.

481—100.10(99B) Extension of time to file quarterly report. A 30-day extension may be granted for good cause shown by a licensee. The following are examples of what may be considered good cause:

1. Death or serious illness of the responsible person; or
 2. A prolonged unavoidable absence of the responsible person.
- This rule is intended to implement Iowa Code sections 99B.2 and 99B.7.

481—100.11(10A,422) State and local option sales tax. Gross receipts from gambling are subject to state and local option sales tax with the following exceptions:

1. Gambling activities conducted by a city or county are exempt from state and local option sales tax; and
2. Fair raffle tickets sold pursuant to Iowa Code section 99B.5 are exempt from state and local option sales tax.

Tax information may be obtained from the Department of Revenue and Finance, Hoover State Office Building, Des Moines, Iowa 50319.

This rule is intended to implement Iowa Code section 422.42.

481—100.12(10A,17A,99B) Appeal rights. Any decision of the department may be appealed in accordance with procedures set out in Iowa Administrative Code 481—Chapter 10. When an appeal is received, the status of the license is governed by the following standards:

100.12(1) When an application is not timely or sufficient, a license may not be issued until a final hearing decision.

100.12(2) A license remains effective until a final decision is issued if the denied renewal application was timely and sufficient.

100.12(3) No license will be issued when a new application is denied.

This rule is intended to implement Iowa Code section 99B.2.

481—100.13(99B) Penalties. Gambling licenses may be revoked for a period of two years. Exceptions are noted. The licensee shall have ceased doing business during the minimum continuous period of revocation. After the period of revocation, application must be submitted for a new license to be issued. An applicant shall prove deficiencies have been corrected.

When a license issued under Iowa Code chapter 99B or 123 is revoked and the license applied to a specific location, no one may have a gambling license for that location until the entire revocation period elapses.

The following criteria determine the period of revocation:

100.13(1) Failure to timely dedicate or distribute 75 percent of net receipts may result in revocation for a period of not longer than 60 days for each violation. Each failure is one violation.

100.13(2) Failure to dedicate or distribute 75 percent of net receipts within ten days following written notification by the department may result in revocation for at least 90 days for each violation. Each failure is one violation.

100.13(3) Failure to use dedicated receipts for purposes specified in Iowa Code section 99B.7(3)“b” may result in revocation for at least one year for each violation. Each failure is one violation.

100.13(4) Donating receipts knowing that the receipts will not be used for purposes specified in Iowa Code section 99B.7(3)“b” may result in revocation for at least one year for each violation. Each donation is one violation.

100.13(5) Failure to file a timely report for a quarter in which gambling activities were conducted may result in revocation for a period no longer than 30 days for a violation. The revocation shall continue until the report is filed, but not longer than two years. Each untimely report is one violation.

100.13(6) Intentionally filing a false or fraudulent gambling report or application may result in a revocation of two years for any violation.

100.13(7) The operation, either directly or indirectly, of a bingo occasion by the owner of a building leased or rented for bingo purposes may result in a revocation of two years for any violation.

100.13(8) The operation, either directly or indirectly, of a bingo occasion by an individual who sells bingo equipment or supplies may result in a revocation of two years for any violation.

100.13(9) A license is revoked for a minimum of one year for the following:

a. Games conducted are not in compliance with Iowa Code chapter 99B or 481—Chapters 100 to 103;

b. Fraudulent games are held;

c. Unauthorized expenses are paid;

d. Authorized expenses are unreasonable; or

e. Bingo occasions are longer than allowable limits.

100.13(10) A license is revoked for a maximum of two years for the following:

a. Records are not adequate or do not comply with rules;

b. Records are not made available for inspection or audit;

c. A license issued under the Iowa alcoholic beverage control Act is suspended because of conviction or guilty plea to a criminal violation of Iowa alcoholic beverage control Act;

d. Violation of any gambling statute or rule occurs on licensed premises;

e. An individual who sells bingo supplies or equipment is involved directly or indirectly in the operation of bingo games or in the control or use of bingo funds in the licensee's bingo checking or savings accounts; or

f. An owner or lessor of a building rented or leased for operation of bingo games is involved directly or indirectly in the conduct of bingo or in the control or use of bingo funds in the licensee's bingo checking or savings accounts.

100.13(11) Revocation of a gambling license is permanent when a license issued under Iowa alcoholic beverage control Act is revoked because of conviction of or guilty plea to a criminal violation of the:

a. Iowa gambling law, or

b. Iowa alcoholic beverage control Act.

100.13(12) If the division issued a final revocation order prior to July 1, 1984, the revocation is permanent. Final revocation orders issued by the division after June 30, 1984, shall not exceed two years. See Attorney General Opinion Williams to Bair, August 7, 1984.

The date of a final revocation order is the date of the director's order or the date the administrative law judge's order becomes final.

100.13(13) The director of the department may use discretion to set the length of revocation for a violation not set out specifically in gambling rules or statutes.

This rule is intended to implement Iowa Code section 99B.7.

481—100.14 to 100.29 Reserved.

QUALIFIED ORGANIZATION

[Prior to 9/5/90, see 481—Ch 103]

481—100.30(99B) License requirements. The following are in addition to requirements in rule 100.3(99B):

100.30(1) An organization must be active in Iowa at least five years before a two-year license is issued. If the organization is a local chapter of a national organization which has existed at least five years, a license may be granted. The organization must prove the required period of existence. Examples of evidence which may be used for proof are articles of incorporation, a national charter, bylaws, newspaper articles or bank records.

100.30(2) Rent for gambling locations is subject to the following requirements:

- a. The rent may not be related to nor be a percentage of the receipts.
- b. The licensee may terminate any lease or rental agreement without paying a penalty or forfeiting money or a deposit. Damage deposit money is excepted.
- c. No person receiving rent for a bingo location, either directly or indirectly, may be involved in, participate in, or be associated with the operation of bingo games.

100.30(3) A letter of determination of tax-exempt status from the Internal Revenue Service shall be attached to the application to prove tax-exempt eligibility.

100.30(4) Political candidates, parties or nonparty political organizations must supply verification as follows:

- a. From the secretary of state;
- b. From the Iowa campaign finance disclosure commission; or
- c. From the county auditor.

Political action committees are not eligible for gambling licenses.

This rule is intended to implement Iowa Code sections 99B.2(1), 99B.7(1)“m,” 99B.7(2)“a,” and 99B.12(2)“a.”

481—100.31(99B) Annual game night. Rescinded IAB 8/1/07, effective 7/13/07; see 481—Chapter 107.

481—100.32(99B) Raffles. A valid raffle shall only occur during the period of the license. The license must be in effect before promotions for the raffle can begin. The gambling event begins when the first ticket is sold and ends when winning numbers are drawn. Calendar raffles do not comply with raffle criteria and are not allowed.

100.32(1) A licensee may conduct an unlimited number of small raffles during a license period. Cash or merchandise prizes may be awarded. Individual prizes or aggregate prizes for one small raffle may not exceed \$10,000 in value. Raffle winners cannot be required to be present to win. The prize may be a single item or several items. The cost to play is not limited.

100.32(2) An annual raffle (also referred to as a large raffle) may be held once per calendar year with prizes, including real property or merchandise, having a combined value greater than \$10,000. The cost to play is not limited. If a raffle licensee holds a statewide raffle license, the licensee may hold not more than eight raffles per calendar year at which real property or one or more merchandise prizes having a combined value of more than \$10,000 may be awarded. Each such raffle held under a statewide license shall be held in a separate county. Withholding requirements are explained in department of revenue and finance 701—subrule 46.1(1).

100.32(3) If a prize is merchandise, its value shall be determined by the purchase price paid by the organization or donor.

100.32(4) A qualified organization licensee may hold one real property raffle per calendar year in lieu of an annual raffle. The department shall conduct a special audit to verify compliance with the following requirements:

- a. The licensee has submitted a real property raffle license application and a fee of \$100 to the department.
- b. The license is prominently displayed at the drawing area.
- c. The real property was acquired by gift or donation or has been owned by the licensee for a period of at least five years.

d. Receipts from the raffle are kept in a separate financial account.

e. A cumulative report for the raffle on a form determined by the department and 1 percent of gross receipts are submitted to the department within 60 days of the raffle drawing. The payment of 1 percent of the gross receipts shall be made payable to the Iowa Department of Inspections and Appeals.

f. All other requirements of Iowa Code sections 99B.2 and 99B.7 are met.

100.32(5) A licensee may offer raffle tickets for sale at a discounted rate if the discount is applied in a nondiscriminatory manner. The discount must be available to all persons throughout the duration of the raffle and must be posted on all promotional material.

100.32(6) A ticket, coupon, or card shall not be used as a door prize or given to a participant of a raffle, game of bingo, or game of chance if the use of the ticket, coupon, or card would change the odds of winning for participants of the raffle, game of bingo, or game of chance.

This rule is intended to implement Iowa Code sections 99B.1(21), 99B.1(22) and 99B.7(1).

481—100.33(99B) Expenses. Reasonable expenses shall not exceed 25 percent of the net receipts.

100.33(1) No expense item shall be allowed without a proper receipt, paid invoice or canceled check and shall not be paid from an outside source. The burden of proof is on the licensee to show that all expenses were incurred exclusively and directly as a result of the gambling activity. An expense will not be considered reasonable if the amount charged significantly exceeds the prevailing rate or average retail cost of the item or service purchased.

100.33(2) Expenses allowed within the 25 percent limit are:

- a.* The license fee;
- b.* Rent of building or equipment;
- c.* Taxes (other than state and local sales tax paid on gross receipts);
- d.* Promotion expense;
- e.* Major equipment purchases;
- f.* Overhead expenses;
- g.* Worker compensation; and
- h.* Other expenses incurred exclusively and directly as a result of the gambling activity.

This rule is intended to implement Iowa Code section 99B.7(3)“c.”

481—100.34(99B) Nature and dedication of net receipts. At least 75 percent of net receipts shall be dedicated and distributed to educational, civic, public, charitable, patriotic or religious uses in this state.

100.34(1) The following examples illustrate methods to determine net receipts, allowable expense, and the amount required to be dedicated and distributed.

EXAMPLE 1

When sales tax is not included in gross receipts, it need not be deducted to arrive at net receipts.

Gross receipts for quarter (excluding sales tax)	\$100,000
Amount awarded as prizes	<u>\$ 20,000</u>
Net receipts	\$ 80,000
Minimum dedicated and distributed (75 percent of net receipts)	\$ 60,000
Maximum expenses (25 percent of net receipts)	\$ 20,000

EXAMPLE 2

When sales tax is included in gross receipts, it is deducted to arrive at net receipts.

Gross receipts for quarter (including sales tax)	\$105,000
Amount awarded as prizes	\$ 20,000
Sales tax	<u>\$ 5,000</u>
Net receipts	\$ 80,000
Minimum dedicated and distributed (75 percent of net receipts)	\$ 60,000
Maximum expenses (25 percent of net receipts)	\$ 20,000

At least 75 percent of the net receipts received during the quarter shall be distributed no later than 30 days following the end of each calendar quarter unless permission to do otherwise is requested in writing and granted by the department.

100.34(2) If a licensee receives at least 90 percent of its total income in a calendar year from charitable gambling activities, at least 75 percent of the licensee's net receipts must be distributed to an unrelated entity by March 31 of the following year for educational, civic, public, charitable, patriotic, or religious uses. An unrelated entity is one having a separate state charter and tax identification number. The following examples illustrate methods to determine if at least 75 percent of a licensee's income must be distributed to an unrelated entity.

EXAMPLE 3

Charitable gambling income:

Gross income from raffles	\$ 20,000
Gross income from bingo	\$ 60,000
Gross income from other games of skill or chance	<u>\$ 5,000</u>
Total charitable gambling income	\$ 85,000

Other income:

Donations	\$ 13,000
Interest income	\$ 1,000
Membership dues	<u>\$ 1,000</u>
Total other income	\$ 15,000

Total income: \$100,000

Percentage of total income derived from charitable gambling 85%

This licensee is required to distribute at least 75 percent of its net receipts to either a related or unrelated entity.

EXAMPLE 4

Charitable gambling income:	
Gross income from raffles	\$ 30,000
Gross income from bingo	\$ 60,000
Gross income from other games of skill or chance	<u>\$ 5,000</u>
Total charitable gambling income	\$ 95,000
Other income:	
Donations	\$ 3,000
Interest income	\$ 1,000
Membership dues	<u>\$ 1,000</u>
Total other income	\$ 5,000
Total income:	\$100,000

Percentage of total income derived from charitable gambling 95%

This licensee is required to distribute at least 75 percent of its net receipts only to an unrelated entity.

This rule is intended to implement Iowa Code sections 99B.1(16), 99B.1(18), 99B.1(24), 99B.7(3), and 99B.7(4).

481—100.35(99B) Extension of time to dedicate net receipts. The department may grant a qualified organization an extension of time to dedicate net receipts. The following conditions must be met for an extension of time to be granted:

1. The request must be in writing and be received by the department no later than the due date of the quarterly return;
2. The request must provide a reason to hold the net receipts and state for what purpose the funds will be used;
3. The request must contain an estimated date of use;
4. The request must state that the fund will be kept separate from all other funds; and
5. The request must include:
 - The financial institution in which the fund is located,
 - The account number of the fund, and
 - The person responsible for managing the fund.

100.35(1) If a request for an extension of time to dedicate net receipts is granted by the department, a detailed analysis of all transactions affecting the fund during the extension shall be recorded on each quarterly report affected.

100.35(2) Failure to provide the required information shall cause termination of the extension. All proceeds shall then be dedicated within 72 hours.

100.35(3) A licensee who is granted an extension and thereafter loses the license shall expend the fund immediately and notify the department in writing.

This rule is intended to implement Iowa Code section 99B.2(4).

481—100.36(10A,22) Confidentiality. Information collected by the department to license and audit gambling operations in Iowa is public information.

This rule is intended to implement Iowa Code section 22.11.

481—100.37 to 100.49 Reserved.

RAFFLES CONDUCTED AT A FAIR
[Prior to 9/5/90, see 481—101.8(99B)]

481—100.50(99B) Raffles conducted at a fair. Each raffle begins when the first ticket is sold and ends when winning numbers are drawn. The raffle shall be conducted within the duration of the fair.

100.50(1) Rules for a raffle must be posted in the same manner as those for a game of skill or game of chance. See rule 100.5(99B).

100.50(2) Raffle winners shall not be required to be present to win.

481—100.51(99B) Raffle prizes at a fair. Cash prizes shall not be awarded and merchandise prizes shall not be repurchased. An unlimited number of raffles may be conducted. An unlimited number of people may win in a raffle. No one may win more than \$1,000 in merchandise. A gift certificate prize shall not be redeemed for cash.

481—100.52(99B) Exceptions for an annual raffle. A fair sponsor or a qualified organization, but not both, may hold one raffle per calendar year at a fair for which the cost per chance or ticket is unlimited and for which cash prizes may be awarded.

100.52(1) The value of prizes in this raffle shall be greater than \$1,000. The value is the purchase price paid by the fair sponsor or qualified organization.

100.52(2) The conductor of the game shall deduct state income tax from cash prizes in excess of \$600. Tax withheld shall be remitted to the department of revenue and finance on behalf of the winner. See Iowa department of revenue and finance 701—subrule 46.1(1). The deduction of 20 percent federal withholding taxes on all cash prizes over \$1,000 is also required and shall be remitted to the Internal Revenue Service.

Rules 100.50(99B) to 100.52(99B) are intended to implement Iowa Code sections 99B.1(22), 99B.5, 99B.21, and 422.16.

481—100.53 to 100.79 Reserved.

ANNUAL GAME NIGHT
[Prior to 9/5/90, see 481—Ch 105]

Rescinded IAB 8/1/07, effective 7/13/07; see 481—Ch 107.

BINGO MANUFACTURERS AND DISTRIBUTORS

481—100.80(99B) Bingo manufacturers and distributors. Bingo manufacturers and distributors as defined in rule 481—100.1(10A,99B) are required to obtain a license when conducting business within the state of Iowa.

481—100.81(99B) Bingo manufacturer and distributor licenses. Any manufacturer or distributor of bingo equipment or supplies must be licensed prior to any sale in Iowa.

100.81(1) The license is issued for a one-year period beginning July 1 of each year. The license expires June 30 of each year regardless of the date of procuring the license.

100.81(2) To obtain a bingo manufacturer's or a bingo distributor's license, the applicant shall:

- a. Submit a \$1,000 fee for a manufacturer's license or a \$500 fee for a distributor's license;
- b. Comply with the requirements for distributors or manufacturers in Iowa Code chapter 99B, administrative rules of the department, and other applicable state or federal laws;
- c. Complete an application for a license. The department may require detailed information concerning the business structure and operation of the applicant;
- d. List all owners, officers, and board members of the business; and
- e. List all names under which the applicant will conduct business in the state of Iowa.

481—100.82(99B) Bingo supplies and equipment. Products sold within this state to a gambling license holder shall meet the following requirements:

100.82(1) Products must be manufactured by an Iowa-licensed manufacturer and the seller must be an Iowa-licensed distributor.

100.82(2) Products shall be supplies and equipment which are used in connection with the game of bingo as defined in Iowa Code section 99B.1. The following are noninclusive characteristics of the game of bingo to which products must conform:

- a. Cards or playing faces shall have spaces marked in horizontal and vertical rows. Each space shall be designated by number, letter, or combination of numbers and letters.
- b. Balls or objects used to select spaces which are to be covered on the card or playing face must bear numbers, letters, or a combination of numbers and letters corresponding to the system used on the spaces of the cards or playing faces.
- c. The bingo machine must contain a receptacle where objects or balls are placed and from which the objects or balls representing the space to be covered are selected. The selection of the balls or objects by the bingo machine must be by chance and may be either manual or mechanical.

100.82(3) Products sold in Iowa must have the manufacturer's name imprinted on the supplies or equipment.

Rules 100.80(99B) to 100.82(99B) are intended to implement Iowa Code sections 99B.7(7) and 99B.7A.

- [Filed 12/10/76, Notice 10/6/76—published 12/29/76, effective 2/2/77]
- [Filed emergency 4/28/78—published 5/17/78, effective 4/28/78]
- [Filed 9/14/79, Notice 8/8/79—published 10/3/79, effective 11/7/79]
- [Filed 11/21/80, Notice 10/15/80—published 12/10/80, effective 1/14/81]
- [Filed emergency 6/26/81—published 7/22/81, effective 7/1/81 to 12/31/81]
- [Filed 8/28/81, Notice 7/22/81—published 9/16/81, effective 10/21/81]
- [Filed 10/22/82, Notice 9/15/82—published 11/10/82, effective 12/15/82]
- [Filed 9/9/83, Notice 8/3/83—published 9/28/83, effective 11/2/83]
- [Filed 8/24/84, Notice 7/18/84—published 9/12/84, effective 10/17/84]
- [Filed 1/25/85, Notice 12/19/84—published 2/13/85, effective 3/20/85]
- [Filed 9/20/85, Notice 7/17/85—published 10/9/85, effective 11/13/85]
- [Filed emergency 11/14/86—published 12/17/86, effective 11/14/86]
- [Filed 4/24/87, Notice 3/11/87—published 5/20/87, effective 6/24/87]
- [Filed 10/23/87, Notice 9/9/87—published 11/18/87, effective 12/23/87]
- [Filed emergency 5/26/89—published 6/14/89, effective 7/1/89]
- *[Filed 12/12/76, Notice 10/6/76—published 12/29/76, effective 2/2/77]
- *[Filed 9/14/79, Notice 8/8/79—published 10/3/79, effective 11/7/79]
- *[Filed 11/21/80, Notice 10/15/80—published 12/10/80, effective 1/14/81]
- *[Filed 3/13/81, Notice 2/4/81—published 4/1/81, effective 5/6/81]
- *[Filed 8/28/81, Notice 7/22/81—published 9/16/81, effective 10/21/81]
- *[Filed 10/22/82, Notice 9/15/82—published 11/10/82, effective 12/15/82]
- *[Filed 9/9/83, Notice 8/3/83—published 9/28/83, effective 11/2/83]
- *[Filed emergency 6/29/84—published 7/18/84, effective 7/1/84]
- *[Filed 8/24/84, Notice 7/18/84—published 9/12/84, effective 10/17/84]
- *[Filed 1/25/85, Notice 12/19/84—published 2/13/85, effective 3/20/85]
- *[Filed 9/20/85, Notice 7/17/85—published 10/9/85, effective 11/13/85]
- *[Filed emergency 11/14/86—published 12/17/86, effective 11/14/86]
- *[Filed 4/24/87, Notice 3/11/87—published 5/20/87, effective 6/24/87]
- *[Filed 10/23/87, Notice 9/9/87—published 11/18/87, effective 12/23/87]
- *[Filed emergency 5/26/89—published 6/14/89, effective 7/1/89]
- **[Filed 12/10/76, Notice 10/6/76—published 12/29/76, effective 2/2/77]
- **[Filed 9/14/79, Notice 8/8/79—published 10/3/79, effective 11/7/79]
- **[Filed 8/24/84, Notice 7/18/84—published 9/12/84, effective 10/17/84]
- **[Filed emergency 11/14/86—published 12/17/86, effective 11/14/86]
- **[Filed 4/24/87, Notice 3/11/87—published 5/20/87, effective 6/24/87]
- **[Filed 10/23/87, Notice 9/9/87—published 11/18/87, effective 12/23/87]
- **[Filed emergency 5/26/89—published 6/14/89, effective 7/1/89]
- [Filed 8/15/90, Notice 4/18/90—published 9/5/90, effective 10/10/90]
- [Filed 4/12/91, Notice 2/6/91—published 5/1/91, effective 6/5/91]
- [Filed emergency 8/27/91—published 9/18/91, effective 8/27/91]

*This history transferred in IAC 9/5/90 from 481—Chapter 103, applicable to “Qualified Organization.”

**This history transferred in IAC 9/5/90 from 481—Chapter 105, applicable to “Annual Game Night.”

[Filed emergency 7/1/92—published 7/22/92, effective 7/1/92]

[Filed emergency 7/19/95—published 8/16/95, effective 7/19/95]

[Filed 9/19/95, Notice 8/16/95—published 10/11/95, effective 11/15/95]

[Filed 10/12/01, Notice 8/22/01—published 10/31/01, effective 12/5/01]

[Filed 1/18/02, Notice 11/14/01—published 2/6/02, effective 3/13/02]

[Filed emergency 7/5/02—published 7/24/02, effective 7/5/02]

[Filed 8/30/02, Notice 7/24/02—published 9/18/02, effective 10/23/02]

[Filed emergency 7/13/07—published 8/1/07, effective 7/13/07]