

*Judiciary 2/3*  
Senate File 86  
Judiciary  
Willits, Chairman  
Doderer  
Kelly

SENATE FILE 86

By HILL of Polk

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to games of skill, games of chance and other  
2 gambling activities and providing for revocations of  
3 licenses, injunctive relief, and penalties.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section ninety-nine B point two (99B.2), Code  
2 1975, is amended to read as follows:

3 99B.2 LICENSING.

4 1. The department of revenue shall license be the agency  
5 responsible for licensing persons to operate or conduct games  
6 of skill, games of chance, raffles and bingo games. A license  
7 fee of ten dollars shall be charged and the licence shall  
8 be valid for one year. A person shall not operate or conduct  
9 games of skill, games of chance, raffle or bingo games unless he  
10 the person is licensed by the department of revenue and unless  
11 the person prominently displays the license at the place of  
12 operation. This section shall not apply to company games  
13 lawful under section ~~designated-as-"company-games"-in-this~~  
14 chapter ~~ninety-nine B point eight (99B.8) of the Code or to~~  
15 games lawful under section 726.12.

16 2. Each licensee shall maintain proper books of account  
17 and records showing, in addition to any other information  
18 required by the department of revenue, gross receipts and  
19 the amount of gross receipts taxes collected or accrued, all  
20 expenses, charges, fees and other deductions, and the cash  
21 amounts, or the cost of goods or other noncash valuables,  
22 distributed to participants in the licensed activity. If  
23 the licensee is a qualified organization, the amounts dedicated  
24 and the name and address of the person to whom dedicated also  
25 shall be kept in the books and records. The books of account  
26 and records shall be made available to the department of  
27 revenue for inspection at reasonable times, with or without  
28 notice. A failure to permit inspection shall constitute  
29 grounds for revocation of the license.

30 Sec. 2. Section ninety-nine B point five (99B.5), Code  
31 1975, is amended to read as follows:

32 99B.5 AMUSEMENT PARKS.

33 1. As used in this section, "amusement park" means premises  
34 upon or within which is offered amusement or entertainment  
35 to the public, in the form of amusement devices or amusement

1 rides, as those terms are defined in chapter eighty-eight  
2 A (88A) of the Code.

3 2. Except as provided in subsection three (3) of this  
4 section, the city council of any city or the county board  
5 of supervisors with respect to any unincorporated area within  
6 the county may by resolution authorize games of skill and  
7 games of chance at any amusement park provided:

8 4- a. The amusement park and the persons operating the  
9 games of skill and games of chance are licensed pursuant to  
10 section 99B.2, and

11 2- b. The games of skill and games of chance shall be  
12 subject to the provisions of section 99B.3, subsections 1  
13 to 8.

14 3. Games of skill and games of chance shall not be  
15 authorized unless the amusement park maintains five or more  
16 amusement rides, as defined in section eighty-eight A point  
17 one (88A.1) of the Code.

18 Sec. 3. Section ninety-nine B point seven (99B.7),  
19 subsection seven (7), Code 1975, is amended to read as follows:

20 7. ~~That notwithstanding~~ Notwithstanding the provisions  
21 of section 99B.3, subsection 1, and subsection 5 of this  
22 section a qualified organization may hold not more than one  
23 raffle per year at which a merchandise prize may be awarded  
24 if of not greater than five thousand dollars in value as  
25 determined by the purchase price paid by the organization  
26 or donor. For the purposes of this subsection a raffle is  
27 deemed to be held by an organization if substantially all  
28 of the participants of any raffle are employed by, or are  
29 members of the organization, or if an agent, employee, or  
30 officer of the corporation obtains the license to hold the  
31 raffle with the express or tacit approval of the organization  
32 and employees or members of the organization are the primary  
33 participants.

34 Sec. 4. Chapter ninety-nine B (99B), Code 1975, is amended  
35 by adding the following new sections:

1 NEW SECTION. ADMINISTRATIVE RULES.

2 1. The director of revenue may adopt, amend and repeal  
3 rules, pursuant to chapter seventeen A (17A) of the Code,  
4 to carry out the provisions of this chapter.

5 2. Rules adopted by the director may include but are not  
6 limited to the following:

7 a. Descriptions of the books, records and accounting  
8 procedures required.

9 b. Requirements for qualified organizations.

10 c. Methods of displaying costs and explanations of games  
11 and rules.

12 d. Defining unfair or dishonest acts or practices.

13 NEW SECTION. REVOCATION OF GAME LICENSE.

14 1. The director of revenue shall revoke a license issued  
15 pursuant to this chapter if the licensee or any agent of the  
16 licensee violates any of the provisions of this chapter or  
17 any rules adopted, or if any cause exists for which the  
18 director would have been justified in refusing to issue a  
19 license.

20 2. Revocation proceedings shall be held only after giving  
21 notice and an opportunity for hearing to the licensee. Notice  
22 shall be given at least ten days in advance of the date set  
23 for hearing. If the director finds cause for revocation,  
24 the license shall be revoked and thereafter no license may  
25 be issued to that licensee, or to any agent of the licensee  
26 if the agent was found to be in violation of this chapter.

27 NEW SECTION. SCHOOL ACTIVITIES. The board of a school  
28 district may authorize that public schools within that  
29 district, and the policy-making body of a nonpublic school,  
30 may authorize that games of skill, games of chance, bingo  
31 and raffles may be held at bona fide school functions, such  
32 as carnivals, fall festivals, bazaars and similar events.  
33 However, the limitations specified in subsections one (1)  
34 through seven (7) of section ninety-nine B point three (99B.3)  
35 of the Code shall apply to those school functions and to all

1 activities permitted by this section.

2 NEW SECTION. LOCAL REGULATION. The legislative body of  
3 a city or county in which are conducted activities pursuant  
4 to this chapter may adopt local ordinances not in conflict  
5 with this chapter in the exercise of the police power to the  
6 extent necessary to provide for the health, safety and welfare  
7 of the city or county, but may not impose additional licensing  
8 or any special tax.

9 Sec. 5. Section ninety-nine B point nine (99B.9), Code  
10 1975, is amended by adding the following new subsections:

11 NEW SUBSECTION.

12 3. Upon the conviction for a violation of this chapter  
13 of any person issued a license pursuant to section ninety-  
14 nine B point two (99B.2) of the Code, or of any agent of the  
15 licensee, the court, notwithstanding any other penalty imposed,  
16 shall immediately confiscate the license, and the department  
17 of revenue shall revoke the license. A convicted agent, or  
18 licensee, or licensee whose agent has been convicted, shall  
19 not be issued another license.

20 NEW SUBSECTION.

21 4. When any activity is conducted in violation of the  
22 provisions of this chapter, the county attorney of the county,  
23 or the prosecuting attorney or attorney representing the city  
24 in which the activity occurs, may file an action in the  
25 district court to enjoin the person conducting or permitting  
26 the activity. Upon the issuance of an injunction, any license  
27 issued pursuant to this chapter shall be revoked, and any  
28 person who is enjoined, whether or not then licensed,  
29 thereafter shall be prohibited from obtaining a license  
30 pursuant to this chapter.

31 Sec. 6. Section four hundred twenty-two point forty-three  
32 (422.43), Code 1975, is amended by adding after unnumbered  
33 paragraph three (3) the following new unnumbered paragraph:

34 NEW UNNUMBERED PARAGRAPH. The tax imposed upon the gross  
35 receipts from games of skill, games of chance, raffles and

1 bingo shall be accounted for separately from the tax on other  
2 gross receipts of the person, and shall be reported as a  
3 separate item in the return of the person.

4 Sec. 7. Section seven hundred twenty-six point twelve  
5 (726.12), subsection seven (7), Code 1975, is amended to read  
6 as follows:

7 7. No participant wins or loses more than a total of five  
8 hundred twenty-five dollars in all games and activities  
9 permitted by this section during any period of twenty-four  
10 consecutive hours.

11 Sec. 8. The Code editor is directed to number unnumbered  
12 paragraphs one (1) and two (2) of section ninety-nine B point  
13 nine (99B.9) of the Code as subsections one (1) and two (2)  
14 respectively.

#### 15 EXPLANATION

16 This bill makes corrective amendments to the gambling law  
17 changes contained in S.F. 108 of the 1973 Session, and adds  
18 additional provisions.

19 Section 1 adds the requirement that a chapter 99B gambling  
20 licensee maintain books of account respecting the gambling  
21 activities.

22 Sec. 2 adds a definition of "amusement park" which limits  
23 locations where gambling is permitted.

24 Sec. 3 modifies the raffle provision to eliminate a  
25 potential loophole.

26 Sec. 4 adds new sections to chapter 99B giving the director  
27 of revenue rule-making authority, providing for the revocation  
28 of gambling licenses for violations, authorizing games on  
29 school property where approved by school authorities to be  
30 held in conjunction with fall festivals, bazaars, etc., and  
31 authorizing local governmental units to regulate gambling.

32 Sec. 5 delegates power to the district court to confiscate  
33 licenses upon conviction and to the county attorney to obtain  
34 injunctions against violators.

35 Sec. 6 requires that the reporting of gross receipts from

1 gambling activities be reported separate from other gross  
2 receipts when filing tax returns.

3       Sec. 7 limits social gambling winnings and losses to \$25  
4 per 24 hour period.

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