

State Government  
Carr. Chair  
Rife  
Dieleman

FILED FEB 8 1984

SENATE FILE 2158

BY ANDERSON

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

### A BILL FOR

1 An Act relating to the holding of games of skill, chance, and  
2 raffles including bingo, legalizing pull-tab bingo and  
3 making penalties applicable.

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

- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

S-2158

1 Section 1. Section 99B.1, subsections 2, 6 and 7, Code  
2 1983, are amended to read as follows:

3 2. "Game of chance" means a game whereby the result is  
4 determined by chance and the player in order to win aligns  
5 or uncovers objects or balls in a prescribed pattern or order  
6 or makes certain color patterns appear and specifically  
7 includes but is not limited to the game games defined as bingo  
8 and pull-tab bingo. Game of chance does not include a slot  
9 machine.

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

14 7. "Net rent" means the total rental charge minus  
15 reasonable expenses, charges, fees and deductions allowed  
16 by the ~~department-of-revenue~~ commission.

17 Sec. 2. Section 99B.1, subsection 16, Code 1983, is amended  
18 by striking the subsection and inserting in lieu thereof the  
19 following:

20 16. "Commission" means the state racing commission.

21 Sec. 3. Section 99B.1, Code 1983, is amended by adding  
22 the following new subsection:

23 NEW SUBSECTION. 23. "Pull-tab bingo" means a game of  
24 chance in which numbers or symbols are concealed by a tear-  
25 off covering and a prize is won if the numbers or symbols  
26 match a predetermined number or pattern of symbols.

27 Sec. 4. Section 99B.2, Code 1983, is amended to read as  
28 follows:

29 99B.2 LICENSING--RECORDS REQUIRED.

30 1. The department commission is the agency responsible  
31 for issuing any a license required by this chapter. A license  
32 shall not be issued, except upon submission to the department  
33 commission of an application on forms furnished by the  
34 department commission, and the required license fee. A license  
35 may be issued to ~~any-applicant-who-is~~ an eligible applicant.

1 However, a license shall not be issued to an applicant who  
2 has been convicted of or pled guilty to a violation of this  
3 chapter, or who has been convicted of or pled guilty to a  
4 violation of chapter 123 that resulted, at any time, in  
5 revocation of a license issued to the applicant under chapter  
6 123 or that resulted, within the twelve months preceding the  
7 date of application for a license required by this chapter,  
8 in suspension of a license issued under chapter 123. A license  
9 also shall not be issued for a location for which a previous  
10 license issued under this chapter or chapter 123 has been  
11 revoked within the preceding two years. Except as otherwise  
12 provided in this chapter, a license is valid for a period  
13 of two years from the date of issue. The license fee is not  
14 refundable, but shall be returned to the applicant if an  
15 application is not approved.

16 2. A licensee, other than one issued a license pursuant  
17 to section 99B.6 or section 99B.9, shall maintain proper books  
18 of account and records showing in addition to any other  
19 information required by the ~~department~~ commission, gross  
20 receipts and the amount of the gross receipts taxes collected  
21 or accrued with respect to gambling activities, all expenses,  
22 charges, fees and other deductions, and the cash amounts,  
23 or the cost to the licensee of goods or other noncash  
24 valuables, distributed to participants in the licensed  
25 activity. If the licensee is a qualified organization, the  
26 amounts dedicated and the date and name and address of each  
27 person to whom distributed also shall be kept in the books  
28 and records. The books of account and records shall be made  
29 available to the ~~department~~ commission or a law enforcement  
30 agency for inspection at reasonable times, with or without  
31 notice. A failure to permit inspection is a misdemeanor.

32 3. Each licensee required by subsection 2 to maintain  
33 records shall submit quarterly reports to the ~~department~~  
34 commission on forms furnished by the ~~department~~ commission.  
35 The reports shall contain a compilation of the information

1 required to be recorded by subsection 2, and shall include  
2 all of the transactions occurring during the three-month  
3 period for which the report is submitted. Failure to submit  
4 the quarterly reports is grounds for revocation of the license.  
5 Willful failure to submit quarterly reports is a serious  
6 misdemeanor. However, the time for filing of reports may  
7 be extended for thirty days if the licensee makes written  
8 request to the department commission for an extension which  
9 request shows good cause for granting the extension. The  
10 making of any a false or fraudulent report or application  
11 with intent to defeat or evade any a tax assessment, fee,  
12 or charitable dedication and distribution required by law  
13 is a serious misdemeanor.

14 Sec. 5. Section 99B.6, subsection 1, paragraph j, Code  
15 1983, is amended to read as follows:

16 j. A representative of the ~~department-of-revenue~~ commission  
17 or a law enforcement agency is immediately admitted, upon  
18 request, to the premises with or without advance notice.

19 Sec. 6. Section 99B.7, subsection 1, paragraph c, Code  
20 Supplement 1983, is amended to read as follows:

21 c. Cash prizes may be awarded in the game of bingo and  
22 shall not exceed one hundred dollars. Merchandise prizes  
23 may be awarded in the game of bingo, however, the actual  
24 retail value of the prize, or if the prize consists of more  
25 than one item, unit or part, the aggregate retail value of  
26 all items, units or parts, shall not exceed one hundred  
27 dollars. A jackpot bingo game may be conducted once during  
28 any twenty-four hour period in which the prize doubles if  
29 not won at one game. However, the cost of play in a jackpot  
30 bingo game shall not be increased and the jackpot shall not  
31 amount to more than five hundred dollars in cash or actual  
32 retail value of merchandise prizes. A jackpot bingo game  
33 is not prohibited by paragraph "h" ~~of this subsection~~. A  
34 bingo occasion shall not last for longer than four consecutive  
35 hours. A qualified organization shall not hold more than

1 fourteen bingo occasions per month. Bingo occasions held  
2 under a limited license shall not be counted in determining  
3 whether a qualified organization has conducted more than  
4 fourteen bingo occasions per month, nor shall bingo occasions  
5 held under a limited license be limited to four consecutive  
6 hours. With the exception of a limited license bingo, no  
7 more than three bingo occasions per week shall be held within  
8 a structure or building and only one person licensed to conduct  
9 games under this section may hold bingo occasions within a  
10 structure or building. ~~However, a qualified organization~~  
11 ~~whose gross receipts for the previous four quarters were three~~  
12 ~~thousand five hundred dollars or less may hold more than~~  
13 ~~fourteen bingo occasions per month and more than three bingo~~  
14 ~~occasions per week within the same structure or building,~~  
15 ~~and bingo occasions conducted by such a qualified organization~~  
16 ~~may last for longer than four consecutive hours.~~ At the  
17 conclusion of each bingo occasion, the person conducting the  
18 game shall announce both the gross receipts received from  
19 the bingo occasion and the use permitted under subsection  
20 3, paragraph "b", ~~of this section~~ to which the net receipts  
21 of the bingo occasion will be dedicated and distributed.  
22 A bingo game shall be played only on a bingo sheet which has  
23 a state bingo sticker affixed to it. A bingo sheet shall  
24 not contain more than three bingo games. The maximum amount  
25 a licensee shall charge for a bingo sheet is one dollar.  
26 A licensee shall purchase the state bingo stickers from the  
27 commission at a cost of fifteen percent of the price for which  
28 the licensee will sell the bingo sheet on which the state  
29 bingo sticker will be affixed.

30 Sec. 7. Section 99B.7, subsection 1, Code Supplement 1983,  
31 is amended by adding the following new paragraph d and  
32 relettering the subsequent paragraphs:

33 NEW PARAGRAPH. d. Cash prizes may be awarded in the game  
34 of pull-tab bingo and shall not exceed one hundred dollars.  
35 Merchandise prizes may be awarded in the game of pull-tab

1 bingo. However, the actual retail value of the prize, or  
2 if the prize consists of more than one item, unit, or part,  
3 the aggregate retail value of all items, units or parts, shall  
4 not exceed one hundred dollars.

5 Sec. 8. Section 99B.7, subsection 1, paragraph d, Code  
6 Supplement 1983, is amended to read as follows:

7 d e. Cash prizes shall not be awarded in games other than  
8 bingo and pull-tab bingo. The actual retail value of any  
9 merchandise prizes except in bingo or pull-tab bingo shall  
10 not exceed fifty dollars and merchandise prizes shall not  
11 be repurchased. However, one raffle may be conducted in a  
12 twelve-month period at which a merchandise prize having a  
13 value not greater than ten thousand dollars as determined  
14 by purchase price paid by the organization or donor may be  
15 awarded.

16 Sec. 9. Section 99B.7, subsection 1, paragraph i, Code  
17 Supplement 1983, is amended to read as follows:

18 i j. ~~Concealed-numbers-or-conversion~~ Conversion charts  
19 shall not be used to play any game and a game or raffle shall  
20 not be adapted with any control device to permit manipulation  
21 of the game by the operator in order to prevent a player from  
22 winning or to predetermine who the winner will be, and the  
23 object of the game must be attainable and possible to perform  
24 under the rules stated from the playing position of the player.

25 Sec. 10. Section 99B.7, subsection 1, paragraph m, Code  
26 Supplement 1983, is amended to read as follows:

27 m n. The person or organization conducting the game can  
28 show to the satisfaction of the department commission that  
29 the person or organization is eligible for exemption from  
30 federal income taxation under either section 501(c)(3),  
31 501(c)(5), 501(c)(6), 501(c)(10) or 501(c)(19) of the Internal  
32 Revenue Code, as defined in section 422.4. However, this  
33 paragraph does not apply to a political party as defined in  
34 section 43.2, to a nonparty political organization that has  
35 qualified to place a candidate as its nominee for statewide

1 office pursuant to chapter 44, or to a candidate committee  
2 as defined in section 56.2.

3 Sec. 11. Section 99B.7, subsection 2, paragraph c,  
4 unnumbered paragraph 2, Code Supplement 1983, is amended to  
5 read as follows:

6 The board of directors of a school district may authorize  
7 that public schools within that district, and the policymaking  
8 body of a nonpublic school, may authorize that games of skill,  
9 games of chance, bingo and raffles may be held at bona fide  
10 school functions, such as carnivals, fall festivals, bazaars  
11 and similar events. Each school shall obtain a license  
12 pursuant to this section prior to permitting the games or  
13 activities on the premises. However, the board of directors  
14 of a public school district may also be issued a license under  
15 this section. However, a board of directors of a public  
16 school shall not spend or authorize the expenditure of public  
17 funds for the purpose of purchasing a license. The ~~department~~  
18 commission shall provide by rule a short form application  
19 for a license issued to a board of directors. Upon written  
20 approval by the board of directors, the license may be used  
21 by any school group or parent support group in the district  
22 to conduct activities authorized by this section. The board  
23 of directors shall not authorize a school group or parent  
24 support group to use the license more than twice in twelve  
25 months.

26 Sec. 12. Section 99B.7, subsection 3, paragraph c, Code  
27 Supplement 1983, is amended to read as follows:

28 c. A qualified organization shall distribute amounts  
29 awarded as prizes on the day they are won. A qualified  
30 organization shall dedicate and distribute the balance of  
31 the net receipts received within a quarter and remaining after  
32 deduction of reasonable expenses, charges, fees, taxes, and  
33 deductions allowed by this chapter, before the quarterly  
34 report required for that quarter under section 99B.2,  
35 subsection 3, is due. The amount dedicated and distributed

1 must equal at least seventy-five percent of the net receipts.  
2 A person desiring to hold the net receipts for a period longer  
3 than permitted under this paragraph shall apply to the  
4 department commission for special permission and upon good  
5 cause shown the department commission may grant the request.

6 Sec. 13. Section 99B.8, subsection 3, Code 1983, is amended  
7 to read as follows:

8 3. The department commission may issue a license pursuant  
9 to this section only once during a calendar year to any one  
10 person or for any one location. The license may be issued  
11 only upon submission to the department commission of an  
12 application and a license fee of twenty-five dollars.

13 Sec. 14. Section 99B.9, subsection 1, paragraph j, Code  
14 1983, is amended to read as follows:

15 j. A representative of the department-of-revenue commission  
16 or a law enforcement agency is immediately admitted, upon  
17 request, to the premises with or without advance notice.

18 Sec. 15. Section 99B.12, subsection 1, paragraph d, Code  
19 1983, is amended to read as follows:

20 d. The gambling shall be fair and honest, and shall not  
21 be designed, devised or adapted to permit predetermination  
22 of the winner, or to prevent a participant from winning, and  
23 no ~~concealed-numbers-or~~ conversion charts may be used to  
24 determine the winner of any a game.

25 Sec. 16. Section 99B.12, subsection 2, paragraph a, Code  
26 1983, is amended to read as follows:

27 a. Card and parlor games, including but not limited to  
28 poker, pinochle, pitch, gin rummy, bridge, euchre, hearts,  
29 cribbage, dominoes, checkers, chess, backgammon and darts.  
30 However, it ~~shall-be~~ is unlawful gambling for any a person  
31 to engage in bookmaking, or to play any a punchboard, pushcard,  
32 ~~pull-tab~~ or slot machine, or to play craps, chuck-a-luck,  
33 roulette, klondike, blackjack, chemin de fer, baccarat, faro,  
34 equality, three-card monte or any other game, except poker,  
35 which is customarily played in gambling casinos and in which

1 the house customarily provides a banker, dealer or croupier  
2 to operate the game, or a specially designed table upon which  
3 to play same it.

4 Sec. 17. Section 99B.13, unnumbered paragraph 1, Code  
5 1983, is amended to read as follows:

6 The ~~department~~ commission may adopt, amend and repeal rules  
7 pursuant to chapter 17A to carry out the provisions of this  
8 chapter. Rules adopted ~~by-the-director~~ may include but are  
9 not limited to the following:

10 Sec. 18. Section 99B.14, Code 1983, is amended to read  
11 as follows:

12 99B.14 REVOCATION OF LICENSE. The ~~department~~ commission  
13 shall revoke a license issued pursuant to this chapter if  
14 the licensee or ~~any an~~ agent of the licensee violates or  
15 permits a violation ~~of-any of the-provisions~~ a provision of  
16 this chapter, or if ~~any a~~ cause exists for which the ~~director~~  
17 commission would have been justified in refusing to issue  
18 a license, or upon the conviction of ~~any a~~ person of a  
19 violation of this chapter which occurred on the licensed  
20 premises.

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

28 Sec. 19. Section 99B.19, Code 1983, is amended to read  
29 as follows:

30 99B.19 ATTORNEY GENERAL AND COUNTY ATTORNEY. Upon request  
31 of the ~~department-of-revenue~~ commission or the division of  
32 criminal investigation of the department of public safety,  
33 the attorney general shall institute in the name of the state  
34 the proper proceedings against a person charged by the  
35 commission or department with violating a provision of this

1 chapter, and a county attorney, at the request of the attorney  
2 general, shall appear and prosecute an action when brought  
3 in the county attorney's county.

4 Sec. 20. NEW SECTION. 99B.20 DIVISION OF CRIMINAL  
5 INVESTIGATION. The division of criminal investigation of  
6 the department of public safety may investigate to determine  
7 licensee compliance with the requirements of this chapter.  
8 Investigations may be conducted either on the division's own  
9 initiative or at the request of the commission. The division  
10 and the commission shall cooperate to the maximum extent  
11 possible on an investigation.

12 EXPLANATION

13 This bill makes the state racing commission responsible  
14 for oversight of games of skill, chance, and raffles. The  
15 division of criminal investigation of the department of public  
16 safety also has investigatory power. The bill also legalizes  
17 pull-tab bingo by qualified organizations and authorizes the  
18 awarding of cash prizes.

19 Section 6 eliminates the exemption of a qualified  
20 organization whose gross receipts for the previous four  
21 quarters were three thousand five hundred dollars or less  
22 from the limitations on the number and the hours of bingo  
23 occasions permitted. The section also requires that a state  
24 bingo sticker must be affixed to a bingo sheet. The sticker  
25 must be purchased from the racing commission.

26 This bill becomes effective July 1 following enactment.  
27  
28  
29  
30  
31  
32  
33  
34  
35