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SENATE FILE 2154
BY STURGEON

(COMPANION TO LSB 3678HH
BY HANSEN of Woodbury)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the repeal of the Iowa lottery, by providing
2 for the disposition of Iowa lottery property, by providing for
3 the transfer or layoff of employees, and by providing for
4 other properly related matters, and by providing an effective
5 date.

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

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S.F. 2154

1 Section 1. IOWA LOTTERY DISCONTINUED -- DISPOSITION OF
2 PROPERTY -- EMPLOYEES TRANSFERRED OR LAID OFF.

3 1. The Iowa lottery board shall discontinue all lottery
4 games established pursuant to chapter 99E effective July 1,
5 1994. The lottery board shall provide for the termination of
6 all contracts extending beyond July 1, 1994, and provide for
7 the disposition of all property leased or owned by the lottery
8 division.

9 2. Any employee of the lottery division employed pursuant
10 to chapter 19A and whose duty assignment is terminated by this
11 Act, may be transferred to other duties within the department
12 of revenue and finance, reassigned to other duties in another
13 state department or agency, or terminated. The personnel
14 commission shall adopt rules to carry out the transfer of
15 employees under this Act and to carry out subsequent
16 reclassification, reassignments, or terminations made
17 necessary by this Act. The personnel commission shall
18 arbitrate and decide a written appeal made by an employee
19 concerning a transfer, reassignment, reclassification, or
20 termination made necessary by this Act. An employee shall not
21 lose benefits accrued, including but not limited to salary,
22 retirement, vacation, or sick leave because of a transfer or
23 reassignment.

24 3. The members of the lottery board, the commissioner, and
25 any additional employees deemed necessary by the board may
26 continue employment on or after July 1, 1994, to provide for
27 the orderly discontinuation of the lottery games. However,
28 not later than September 30, 1994, the terms of office of the
29 lottery board members and the employment of the commissioner
30 and any other employees remaining on or after July 1, 1994,
31 shall terminate. Any matters regarding the termination of the
32 lottery games established under chapter 99E which remain on
33 October 1, 1994, are the responsibility of the director of
34 revenue and finance. The director of revenue and finance
35 shall complete the discontinuation of the lottery games as

1 expeditiously as possible.

2 Sec. 2. Section 8.60, subsection 2, Code Supplement 1993,
3 is amended to read as follows:

4 2. Gamblers assistance fund pursuant to section 99E.10,
5 ~~subsection 1~~ 99F.19.

6 Sec. 3. Section 15.108, subsection 1, paragraph e, Code
7 Supplement 1993, is amended by striking the paragraph.

8 Sec. 4. Section 15.251, subsection 3, Code Supplement
9 1993, is amended by striking the subsection.

10 Sec. 5. Section 15.308, subsection 2, paragraph a, Code
11 1993, is amended by striking the paragraph.

12 Sec. 6. Section 15E.120, subsection 5, Code 1993, is
13 amended to read as follows:

14 5. Loan repayments received by the Iowa department of
15 economic development shall be deposited into a special account
16 to be used at its discretion as matching funds to attract
17 financial assistance from and to participate in programs with
18 national rural development and finance corporations or as
19 provided in subsection 6. Funds in this special account shall
20 not revert to the state general fund at the end of any fiscal
21 year. ~~If the programs for which the funds in the special~~
22 ~~account are to be used are terminated or expire, the funds in~~
23 ~~the special account and funds that would be repaid, if any, to~~
24 ~~the special account shall be transferred or repaid to the~~
25 ~~community economic betterment account of the Iowa plan fund~~
26 ~~for economic development as established in section 99E.31.~~

27 Sec. 7. Section 99A.10, Code 1993, is amended to read as
28 follows:

29 99A.10 MANUFACTURE AND DISTRIBUTION OF GAMBLING DEVICES
30 PERMITTED.

31 A person may manufacture or act as a distributor for
32 gambling devices for sale out of the state in another
33 jurisdiction where possession of the device is legal or for
34 sale in the state or use in the state if the use is permitted
35 pursuant to either chapter 99B or chapter 99E.

1 Sec. 8. Section 99B.1, subsection 17, Code 1993, is
2 amended by striking the subsection.

3 Sec. 9. Section 99B.6, subsection 5, Code 1993, is amended
4 by striking the subsection.

5 Sec. 10. Section 99B.7, subsection 1, paragraph 1,
6 subparagraph (1), Code 1993, is amended to read as follows:

7 (1) No other gambling is engaged in at the same location
8 ~~except that lottery tickets or shares issued by the lottery~~
9 ~~division of the department of revenue and finance may be sold~~
10 ~~pursuant to chapter 99E.~~

11 Sec. 11. Section 99B.15, Code 1993, is amended to read as
12 follows:

13 99B.15 APPLICABILITY OF CHAPTER.

14 It is the intent and purpose of this chapter to authorize
15 gambling in this state only to the extent specifically
16 permitted by a section of this chapter or chapter 99D~~7~~-99E~~7~~, or
17 99F. Except as otherwise provided in this chapter, the
18 knowing failure of any person to comply with the limitations
19 imposed by this chapter constitutes unlawful gambling, a
20 serious misdemeanor.

21 Sec. 12. Section 99F.2, Code 1993, is amended to read as
22 follows:

23 99F.2 SCOPE OF PROVISIONS.

24 This chapter does not apply to the pari-mutuel system of
25 wagering used or intended to be used in connection with the
26 horse-race or dog-race meetings as authorized under chapter
27 99D~~7~~-~~lottery or lotto games authorized under chapter 99E~~7~~~~, or
28 bingo or games of skill or chance authorized under chapter
29 99B.

30 Sec. 13. Section 99F.11, subsection 3, Code 1993, is
31 amended to read as follows:

32 3. Three percent of the adjusted gross receipts shall be
33 deposited in the gamblers assistance fund specified in section
34 ~~99E-10, subsection 17, paragraph "a"~~ 99F.19.

35 Sec. 14. NEW SECTION. 99F.19 GAMBLERS' ASSISTANCE FUND -

1 - CREATED AND USES.

2 A gamblers' assistance fund is created in the state
3 treasury. Moneys credited to the fund shall be administered
4 by the director of human services and used to provide
5 assistance and counseling to individuals and families
6 experiencing difficulty as a result of gambling losses and to
7 promote awareness of "gamblers anonymous" and similar
8 assistance programs.

9 Sec. 15. Section 123.49, subsection 2, paragraph a, Code
10 1993, is amended to read as follows:

11 a. Knowingly permit any gambling, except in accordance
12 with chapter 99B, 99D, 99E, or 99F, or knowingly permit
13 solicitation for immoral purposes, or immoral or disorderly
14 conduct on the premises covered by the license or permit.

15 Sec. 16. Section 421.17, subsection 27, Code Supplement
16 1993, is amended by striking the subsection.

17 Sec. 17. Section 422.16, subsection 1, unnumbered
18 paragraph 4, Code 1993, is amended to read as follows:

19 For the purposes of this subsection, state income tax shall
20 be withheld on winnings in excess of six hundred dollars
21 derived from gambling activities authorized under chapter 99B
22 or 99E. State income tax shall be withheld on winnings in
23 excess of one thousand dollars from gambling activities
24 authorized under chapter 99D. State income tax shall be
25 withheld on winnings in excess of twelve hundred dollars
26 derived from slot machines authorized under chapter 99F.

27 Sec. 18. Section 422.43, subsection 2, Code Supplement
28 1993, is amended to read as follows:

29 2. There is imposed a tax of five percent upon the gross
30 receipts derived from the operation of all forms of amusement
31 devices and games of skill, games of chance, raffles, and
32 bingo games as defined in chapter 99B, operated or conducted
33 within the state, the tax to be collected from the operator in
34 the same manner as for the collection of taxes upon the gross
35 receipts of tickets or admission as provided in this section.

~~1 The tax shall also be imposed upon the gross receipts derived
2 from the sale of lottery tickets or shares pursuant to chapter
3 99E. The tax on the lottery tickets or shares shall be
4 included in the sales price and distributed to the general
5 fund as provided in section 99E.10.~~

6 Sec. 19. Section 422B.8, unnumbered paragraph 1, Code
7 1993, is amended to read as follows:

8 A local sales and services tax at the rate of not more than
9 one percent may be imposed by a county on the gross receipts
10 taxed by the state under chapter 422, division IV. A local
11 sales and services tax shall be imposed on the same basis as
12 the state sales and services tax and may not be imposed on the
13 sale of any property or on any service not taxed by the state,
14 except the tax shall not be imposed on the gross receipts from
15 the sale of motor fuel or special fuel as defined in chapter
16 452A, on the gross receipts from the rental of rooms,
17 apartments, or sleeping quarters which are taxed under chapter
18 422A during the period the hotel and motel tax is imposed, on
19 the gross receipts from the sale of natural gas or electric
20 energy in a city or county where the gross receipts are
21 subject to a franchise fee or user fee during the period the
22 franchise or user fee is imposed, on the gross receipts upon
23 which sales tax is imposed only under section 422.43,
24 subsection 12, and on the gross receipts from the sale of
25 equipment by the state department of transportation, ~~and on~~
26 ~~the gross receipts from the sale of a lottery ticket or share~~
27 ~~in a lottery game conducted pursuant to chapter 99E.~~ A local
28 sales and services tax is applicable to transactions within
29 those incorporated and unincorporated areas of the county
30 where it is imposed and shall be collected by all persons
31 required to collect state gross receipts taxes. All cities
32 contiguous to each other shall be treated as part of one
33 incorporated area and the tax would be imposed in each of
34 those contiguous cities only if the majority of those voting
35 in the total area covered by the contiguous cities favor its

1 imposition.

2 Sec. 20. Section 537A.4, unnumbered paragraph 2, Code
3 1993, is amended to read as follows:

4 This section does not apply to a contract for the operation
5 of or for the sale or rental of equipment for games of skill
6 or games of chance, if both the contract and the games are in
7 compliance with chapter 99B. This section does not apply to
8 wagering under the pari-mutuel method of wagering authorized
9 by chapter 99D. ~~This section does not apply to the sale,~~
10 ~~purchase or redemption of a ticket or share in the state~~
11 ~~lottery in compliance with chapter 99E.~~ This section does not
12 apply to wagering under the excursion boat gambling method of
13 wagering authorized by chapter 99F. This section does not
14 apply to the sale, purchase, or redemption of any ticket or
15 similar gambling device legally purchased in Indian lands
16 within this state.

17 Sec. 21. Section 692.2, subsection 1, paragraph e, Code
18 Supplement 1993, is amended by striking the paragraph.

19 Sec. 22. Section 725.9, subsection 5, Code 1993, is
20 amended to read as follows:

21 5. This chapter does not prohibit the possession of
22 gambling devices by a manufacturer or distributor if the
23 possession is solely for sale out of the state in another
24 jurisdiction where possession of the device is legal or for
25 sale in the state or use in the state if the use is licensed
26 pursuant to ~~either~~ chapter 99B ~~or~~ chapter 99E.

27 Sec. 23. Section 725.15, Code 1993, is amended to read as
28 follows:

29 725.15 EXCEPTIONS FOR LEGAL GAMBLING.

30 Sections 725.5 to 725.10 and 725.12 do not apply to a game,
31 activity, ticket, or device when lawfully possessed, used,
32 conducted, or participated in pursuant to chapter 99B~~7~~-99E~~7~~ or
33 99F.

34 Sec. 24. REPEALER.

35 1. Chapter 99E, Code 1993, is repealed.

