

Sexton
Fink
McLaren

SSB-3061
State Government

Succeeded By
SF/HF 239/
SENATE/HOUSE FILE
BY (PROPOSED DEPARTMENT OF
INSPECTIONS AND APPEALS BILL)

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

A BILL FOR

1 An Act relating to regulatory duties of the department of
2 inspections and appeals related to games of skill or chance
3 and raffles and appropriating certain fees to the department.
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
24

1 Section 1. Section 99B.1, Code 1999, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 24. "Unrelated entity" means a person
4 that has a separate and distinct state charter and tax
5 identification number from any other person, and, if the
6 person is an individual, an individual that is not related by
7 law or by consanguinity.

8 Sec. 2. Section 99B.2, subsection 3, paragraph e, Code
9 1999, is amended to read as follows:

10 e. Except as permitted by subsection 3, paragraph "a",
11 gross receipts derived from the conduct of bingo shall not be
12 commingled with other funds of the licensed organization.
13 ~~Except as permitted by paragraph "e", subparagraphs (3) and~~
14 ~~(4), gross receipts shall not be transferred to another~~
15 ~~account maintained by the licensed organization.~~

16 Sec. 3. Section 99B.5, subsection 1, paragraph g, Code
17 1999, is amended by striking the paragraph.

18 Sec. 4. Section 99B.5, subsection 3, Code 1999, is amended
19 to read as follows:

20 3. A licensee under this section may hold one a real
21 property raffle ~~per calendar year at which the value of the~~
22 ~~real property may exceed two hundred dollars in lieu of the~~
23 ~~annual raffle authorized in subsection 1, paragraph "g",~~ if
24 all of the following requirements are met:

25 a. The licensee has submitted the special real property
26 raffle license application and a fee of one hundred dollars to
27 the department, has been issued a license, and prominently
28 displays the license at the drawing area of the raffle.

29 b. The real property was acquired by gift or donation or
30 has been owned by the licensee for a period of at least five
31 years.

32 c. All other requirements of this section and section
33 99B.2 are met, ~~except that the cost to participate in the~~
34 ~~raffle may exceed one dollar for each participant.~~

35 d. Receipts from the raffle are kept in a separate

1 financial account.

2 e. A cumulative report for the raffle on a form determined
3 by the department and one percent of the gross receipts are
4 submitted to the department within sixty days of the raffle
5 drawing. The one percent of the gross receipts shall be
6 retained by the department to pay for the cost of the special
7 audit.

8 Sec. 5. Section 99B.6, Code 1999, is amended by adding the
9 following new subsection:

10 NEW SUBSECTION. 7A. With the exception of backgammon or
11 other similar board game, any game involving dice is
12 prohibited.

13 Sec. 6. Section 99B.7, subsection 1, paragraph c,
14 unnumbered paragraph 1, Code 1999, is amended to read as
15 follows:

16 Cash or merchandise prizes may be awarded in the game of
17 bingo and, except as otherwise provided in this paragraph,
18 shall not exceed one hundred dollars. Merchandise prizes may
19 be awarded in the game of bingo, but the actual retail value
20 of the prize, or if the prize consists of more than one item,
21 unit or part, the aggregate retail value of all items, units
22 or parts, shall not exceed the maximum provided by this
23 paragraph. A bingo licensee may conduct one jackpot game per
24 bingo occasion and may only conduct one jackpot game at a
25 time. In a jackpot bingo game, may-be-conducted-once-during
26 any-twenty-four-hour-period-in-which the prize may begin at
27 not more than three hundred dollars in cash or actual retail
28 value of merchandise prizes and may be increased by not more
29 than one hundred dollars after each bingo occasion. However,
30 the cost of play in a jackpot bingo game shall not be
31 increased and the jackpot shall not amount to more than eight
32 hundred dollars in cash or actual retail value of merchandise
33 prizes. A jackpot bingo game is not prohibited by paragraph
34 "h". A bingo occasion shall not last for longer than four
consecutive hours. A qualified organization shall not hold

1 more than fourteen bingo occasions per month. Bingo occasions
2 held under a limited license shall not be counted in
3 determining whether a qualified organization has conducted
4 more than fourteen bingo occasions per month, nor shall bingo
5 occasions held under a limited license be limited to four
6 consecutive hours. With the exception of a limited license
7 bingo, no more than three bingo occasions per week shall be
8 held within a structure or building and only one person
9 licensed to conduct games under this section may hold bingo
10 occasions within a structure or building. A licensed
11 qualified organization shall not conduct free games.

12 Sec. 7. Section 99B.7, subsection 1, paragraphs d, e, and
13 q, Code 1999, are amended to read as follows:

14 d. Cash prizes shall not be awarded in games other than
15 bingo and raffles. ~~The value of a prize shall not exceed one~~
16 ~~thousand dollars and merchandise prizes shall not be~~
17 ~~repurchased. If a prize consists of more than one item, unit,~~
18 ~~or part, the aggregate value of all items, units, or parts~~
19 ~~shall not exceed one thousand dollars. However, one raffle~~
20 ~~may be conducted per calendar year at which prizes having a~~
21 ~~combined value of more than one thousand dollars may be~~
22 ~~awarded. If the prize is merchandise, its value shall be~~
23 ~~determined by purchase price paid by the organization or~~
24 ~~donor.~~

25 e. ~~Except as provided in paragraph "d" of this subsection~~
26 ~~with respect to an annual raffle, the cost to a participant~~
27 ~~for each game shall not exceed one dollar.~~

28 q. A licensee under this section may hold one a real
29 property raffle per calendar year at which the value of the
30 real property may exceed one thousand dollars in lieu of the
31 annual raffle authorized in subsection 1, paragraph "d", if
32 all of the following requirements are met:

33 (1) The licensee has submitted the special real property
34 raffle license application and a fee of one hundred dollars to
35 the department, has been issued a license, and prominently

1 ~~displays the license at the drawing area of the raffle.~~
2 ~~(2) -- The real property was acquired by gift or donation or~~
3 ~~has been owned by the licensee for a period of at least five~~
4 ~~years.~~

5 ~~(3) -- All other requirements of this section and section~~
6 ~~99B:2 are met, except that the cost to participate in the~~
7 ~~raffle may exceed one dollar for each participant.~~

8 ~~(4) -- Receipts from the raffle are kept in a separate~~
9 ~~financial account.~~

10 ~~(5) -- A cumulative report for the raffle on a form~~
11 ~~determined by the department and one percent of the gross~~
12 ~~receipts are submitted to the department within sixty days of~~
13 ~~the raffle drawing. -- The one percent of the gross receipts~~
14 ~~shall be retained by the department to pay for the cost of the~~
15 ~~special audit as provided in Section 99B.5, subsection 3.~~

16 Sec. 8. Section 99B.7, subsection 3, paragraph c,
17 unnumbered paragraph 1, Code 1999, is amended to read as
18 follows:

19 A qualified organization shall distribute amounts awarded
20 as prizes on the day they are won. A qualified organization
21 shall dedicate and distribute the balance of the net receipts
22 received within a quarter and remaining after deduction of
23 reasonable expenses, charges, fees, taxes, and deductions
24 allowed by this chapter, ~~before the quarterly report required~~
25 ~~for that quarter under section 99B:2, subsection 4, is due~~
26 within thirty days following the end of each calendar quarter
27 during which the gambling occurred. The amount dedicated and
28 distributed must equal at least seventy-five percent of the
29 net receipts. A person desiring to hold the net receipts for
30 a period longer than permitted under this paragraph shall
31 apply to the department for special permission and upon good
32 cause shown the department may grant the request.

33 Sec. 9. Section 99B.7, Code 1999, is amended by adding the
34 following new subsection:

35 NEW SUBSECTION. 3A. If a licensee derives ninety percent

1 or more of its total income from conducting bingo, raffles, or
2 small games of chance, at least seventy-five percent of the
3 licensee's net receipts shall be distributed to an unrelated
4 entity for an educational, civic, public, charitable,
5 patriotic, or religious use.

6 Sec. 10. Section 99B.7, subsection 6, paragraph a, Code
7 1999, is amended to read as follows:

8 a. Except as provided in this paragraph, a person shall
9 not be compensated for services rendered in connection with a
10 game of skill, game of chance, or raffle conducted under this
11 section. This section forbids payment of compensation to
12 persons including, but not limited to, managers, callers,
13 cashiers, ~~floor-workers~~, janitorial personnel, accountants and
14 bookkeepers. However, up to four floor workers per one
15 hundred players, participating in the bingo occasion, may be
16 employed. Any other payment of compensation to floor workers
17 is prohibited. The privilege of selling merchandise on the
18 premises during a bingo occasion is deemed to be compensation.
19 ~~However, not more than four persons per one hundred players,~~
20 ~~participating in the bingo occasion may be employed.~~ An
21 employee under this paragraph need not be a member of the
22 qualified organization or a regular participant in the
23 activities of the qualified organization or in an educational,
24 civic, public, charitable, patriotic, or religious
25 organization to which the net receipts are dedicated by the
26 qualified organization. The wages of an employee shall not
27 exceed the federal minimum wage. This section does not
28 prohibit the employment of one or more individuals to serve as
29 security officers. A person who knowingly pays or receives
30 compensation in violation of this section commits a fraudulent
31 practice.

32 Sec. 11. Section 99B.8, Code 1999, is amended to read as
33 follows:

34 99B.8 ANNUAL GAME NIGHT.

35 1. Games of skill, games of chance, card games, and

1 raffles casino-type games other than slot machines may
 2 lawfully may be conducted during a period of twelve
 3 consecutive hours once each year by any person. The games or
 4 raffles may be conducted at any location except one for which
 5 a license is required pursuant to section 99B.3 or section
 6 99B.5, but only if all of the following are complied with:

7 a. The sponsor of the event has been issued a license
 8 pursuant to subsection 3 and prominently displays that license
 9 on the premises covered by the license.

10 b. A bona fide social or employment relationship exists
 11 between the sponsor and all of the participants.

12 c. No participant pays any consideration of any nature,
 13 either directly or indirectly, to participate in the games or
 14 raffles.

15 d. All money or other items wagered are provided to the
 16 participant free by the sponsor.

17 e. The person conducting the game or-raffle receives no
 18 consideration, either directly or indirectly, other than good
 19 will.

20 f. During the entire time activities permitted by this
 21 section are being engaged in, no other gambling is engaged in
 22 at the same location.

23 2. The other provisions of this section notwithstanding,
 24 if the games or-raffles are conducted by a qualified
 25 organization also licensed under section 99B.7, the sponsor
 26 may charge an entrance fee or a fee to participate in the
 27 games or-raffles, and participants may wager their own funds
 28 and pay an entrance or other fee for participation, provided
 29 that a participant may not expend more than a total of fifty
 30 dollars for all fees and wagers. The provisions of section
 31 99B.7, subsection 3, paragraphs "b" and "c", shall apply to
 32 games and-raffles conducted by a qualified organization
 33 pursuant to this section.

34 3. The department of inspections and appeals may issue a
 35 license pursuant to this section only once during a calendar

1 year to any one person. The license may be issued only upon
2 submission to the department of an application and a license
3 fee of twenty-five dollars.

4 4. However, an organization may sponsor one or more game
5 nights using play money for participation by students without
6 the organization obtaining a license otherwise required by
7 this section if the organization obtains prior approval for
8 the game night from the board of directors of the accredited
9 public school or the authorities in charge of the nonpublic
10 school accredited by the state board of education for whose
11 students the game night is to be held.

12 5. However, notwithstanding subsection 1, paragraphs "b"
13 and "c", if the games ~~or raffles~~ are conducted by a qualified
14 organization issued a license pursuant to subsection 3, the
15 sponsor may charge an entrance fee to a participant and the
16 sponsor need not have a bona fide social relationship with the
17 participant.

18 Sec. 12. NEW SECTION. 99B.22 FEES.

19 All gambling license application fees received by the
20 department shall be retained by and are appropriated to the
21 inspections division to carry out its regulatory functions.

22 EXPLANATION

23 This bill amends Code chapter 99B, games of skill or
24 chance, and raffles.

25 Code section 99B.1, definitions, is amended by adding the
26 definition of "unrelated entity" for use in determining the
27 type of entity to which a percentage of total income must be
28 distributed by a licensee.

29 Code sections 99B.2 and 99B.5 are amended to eliminate the
30 small and annual raffle rules conducted at a fair.

31 Code section 99B.6 is amended to prohibit dice games in
32 beer or liquor establishments.

33 Code section 99B.7 is amended to provide that a bingo
34 licensee may only conduct one jackpot game per bingo occasion
35 and may only conduct one jackpot game at a time; removes

1 limitations on the value of merchandize prizes, removes the
 2 limitation on the cost of participation in a raffle, and
 3 removes the limitation of only one property raffle per
 4 calendar year for qualified organizations; specifies when net
 5 receipts are to be distributed by a qualified organization;
 6 and requires that a qualified organization licensee deriving
 7 90 percent of its total income from conducting bingo, raffles,
 8 or small games of skill or chance must distribute at least 75
 9 percent of its net receipts to an unrelated entity for
 10 educational, civic, public, charitable, patriotic, or
 11 religious use. The amendment to Code section 99B.7 also
 12 specifies that if personnel are employed for compensation,
 13 they are to be limited to four floor workers per 100 players
 14 in a bingo occasion.

15 Code section 99B.8 specifies the types of games which may
 16 be conducted at an annual game night and eliminates raffles
 17 from the types of games allowed.

18 New Code section 99B.22 provides for retention of gambling
 19 license application fees by and appropriation of these fees to
 20 the department of inspections and appeals, inspections
 21 division, to carry out regulatory functions.

22
 23
 24
 25
 26
 27
 28
 29
 30
 31
 32
 33
 34
 35



THOMAS J. VILSACK
GOVERNOR

DEPARTMENT OF INSPECTIONS AND APPEALS
KEVIN W. TECHAU, DIRECTOR

SALLY J. PEDERSON
LT. GOVERNOR

January 10, 2000

TO: Members of the General Assembly

FR: Kevin W. Techau, Director *KW*

The Iowa Department of Inspections and Appeals (DIA) proposes legislation related to the functions performed by its Inspections Division. The majority of the proposed changes to Chapter 99B are to clean up and clarify the law. There are three provisions that actually change the law.

First is the elimination of the small and annual raffle rules in §99B.7. Currently under this section a qualified organization may have as many small raffles as they want to during the period of their license per calendar year and they may have one annual or large raffle during the period of their license per calendar year. This has caused a great deal of distress for many organizations that want to hold raffles that did not fit within the definition of either a small or annual raffle, e.g., calendar raffles, NFL or benchwarmer raffles. Under current law they cannot legally hold a raffle that does not fit within the definition of a small or an annual raffle.

The second proposed change is the gambling license application fees received by the Department of Inspections and Appeals being retained by the Department instead of going into the State's general fund. This change adds §99B.22, which would allow the Department to conduct field inspections of social and charitable gambling locations and events. The Social and Charitable Gaming Unit consists of a program manager and a secretary. With the current staffing very few field inspections are conducted and gambling is not regulated throughout the state as is required by chapter 99B.

The third proposed change in §99B.7(4) is the addition of language to require a licensee that derives 90% or more of its total income from conducting bingo, raffles or small games of skill or chance, to distribute at least 75% of the licensee's net receipts to an unrelated entity for an educational, civic, public, charitable, patriotic or religious use. "Unrelated entity" is defined in §99B.1(24). This would keep the licensee organization in line with the Internal Revenue Code §501(c) requirements for a non-profit, tax exempt organizations. The Unit has had several problems with bingo establishments throughout Iowa that have their §501(c) designation from the Internal Revenue Service, hold an Iowa gambling license that allows them to regularly conduct bingo occasions, distribute the proceeds to their own organization and have no other function than to conduct bingo. This violates IRS rules and is not in keeping with the purpose of charitable gambling in Iowa. These bingo establishments have been referred to the IRS to have their 501(c) status reviewed/revoked. The State of Iowa also needs a tool to stop this abuse.

For additional information regarding this proposal, or other questions, please contact Jennifer Komos, Legislative Liaison, at 281-6407 or e-mail at jkomos@dia.state.ia.us.

REPRINTED

FILED FEB 28 '00

SENATE FILE 2391
BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO SSB 3061)

Passed Senate, Date (P.658) 3-14-00 Passed House, Date _____
Vote: Ayes 37 Nays 12 Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to regulatory duties of the department of
2 inspections and appeals related to games of skill or chance
3 and raffles.

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

SS 2391

1 Section 1. Section 99B.1, Code 1999, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 24. "Unrelated entity" means a person
4 that has a separate and distinct state charter and tax
5 identification number from any other person, and, if the
6 person is an individual, an individual that is not related by
7 law or by consanguinity.

8 Sec. 2. Section 99B.2, subsection 3, paragraph e, Code
9 1999, is amended to read as follows:

10 e. Except as permitted by subsection 3, paragraph "a",
11 gross receipts derived from the conduct of bingo shall not be
12 commingled with other funds of the licensed organization.
13 ~~Except as permitted by paragraph "c", subparagraphs (3) and~~
14 ~~(4), gross receipts shall not be transferred to another~~
15 ~~account maintained by the licensed organization.~~

16 Sec. 3. Section 99B.5, subsection 1, paragraph g, Code
17 1999, is amended by striking the paragraph.

18 Sec. 4. Section 99B.5, subsection 3, Code 1999, is amended
19 to read as follows:

20 3. A licensee under this section may hold one a real
21 property raffle ~~per-calendar-year-at-which-the-value-of-the~~
22 ~~real-property-may-exceed-two-hundred-dollars-in-lieu-of-the~~
23 ~~annual-raffle-authorized-in-subsection-1, paragraph "g",~~ if
24 all of the following requirements are met:

25 a. The licensee has submitted the special real property
26 raffle license application and a fee of one hundred dollars to
27 the department, has been issued a license, and prominently
28 displays the license at the drawing area of the raffle.

29 b. The real property was acquired by gift or donation or
30 has been owned by the licensee for a period of at least five
31 years.

32 c. All other requirements of this section and section
33 99B.2 are met ~~except that the cost to participate in the~~
34 ~~raffle may exceed one dollar for each participant.~~

35 d. Receipts from the raffle are kept in a separate

1 financial account.

2 e. A cumulative report for the raffle on a form determined
3 by the department and one percent of the gross receipts are
4 submitted to the department within sixty days of the raffle
5 drawing. The one percent of the gross receipts shall be
6 retained by the department to pay for the cost of the special
7 audit.

8 Sec. 5. Section 99B.6, Code 1999, is amended by adding the
9 following new subsection:

10 NEW SUBSECTION. 7A. With the exception of backgammon or
11 other similar board game, any game involving dice is
12 prohibited, if the wager exceeds five dollars.

13 Sec. 6. Section 99B.7, subsection 1, paragraph c,
14 unnumbered paragraph 1, Code 1999, is amended to read as
15 follows:

16 Cash or merchandise prizes may be awarded in the game of
17 bingo and, except as otherwise provided in this paragraph,
18 shall not exceed one hundred dollars. Merchandise prizes may
19 be awarded in the game of bingo, but the actual retail value
20 of the prize, or if the prize consists of more than one item,
21 unit or part, the aggregate retail value of all items, units
22 or parts, shall not exceed the maximum provided by this
23 paragraph. A bingo licensee may conduct one jackpot game per
24 bingo occasion and may only conduct one jackpot game at a
25 time. In a jackpot bingo game, ~~may-be-conducted-once-during~~
26 any-twenty-four-hour-period-in-which the prize may begin at
27 not more than three hundred dollars in cash or actual retail
28 value of merchandise prizes and may be increased by not more
29 than one hundred dollars after each bingo occasion. However,
30 the cost of play in a jackpot bingo game shall not be
31 increased and the jackpot shall not amount to more than eight
32 hundred dollars in cash or actual retail value of merchandise
33 prizes. A jackpot bingo game is not prohibited by paragraph
34 "h". A bingo occasion shall not last for longer than four
35 consecutive hours. A qualified organization shall not hold

1 more than fourteen bingo occasions per month. Bingo occasions
2 held under a limited license shall not be counted in
3 determining whether a qualified organization has conducted
4 more than fourteen bingo occasions per month, nor shall bingo
5 occasions held under a limited license be limited to four
6 consecutive hours. With the exception of a limited license
7 bingo, no more than three bingo occasions per week shall be
8 held within a structure or building and only one person
9 licensed to conduct games under this section may hold bingo
10 occasions within a structure or building. A licensed
11 qualified organization shall not conduct free games.

12 Sec. 7. Section 99B.7, subsection 1, paragraphs d, e, and
13 q, Code 1999, are amended to read as follows:

14 d. Cash prizes shall not be awarded in games other than
15 bingo and raffles. ~~The value of a prize shall not exceed one~~
16 ~~thousand dollars and merchandise prizes shall not be~~
17 ~~repurchased. If a prize consists of more than one item, unit,~~
18 ~~or part, the aggregate value of all items, units, or parts~~
19 ~~shall not exceed one thousand dollars. However, one raffle~~
20 ~~may be conducted per calendar year at which prizes having a~~
21 ~~combined value of more than one thousand dollars may be~~
22 ~~awarded. If the prize is merchandise, its value shall be~~
23 ~~determined by purchase price paid by the organization or~~
24 ~~donor.~~

25 e. ~~Except as provided in paragraph "d" of this subsection~~
26 ~~with respect to an annual raffle, the cost to a participant~~
27 ~~for each game shall not exceed one dollar.~~

28 q. A licensee under this section may hold one a real
29 property raffle ~~per calendar year at which the value of the~~
30 ~~real property may exceed one thousand dollars in lieu of the~~
31 ~~annual raffle authorized in subsection 1, paragraph "d", if~~
32 ~~all of the following requirements are met:~~

33 (1) ~~The licensee has submitted the special real property~~
34 ~~raffle license application and a fee of one hundred dollars to~~
35 ~~the department, has been issued a license, and prominently~~

1 ~~displays the license at the drawing area of the raffle.~~

2 ~~(2)--The real property was acquired by gift or donation or~~
3 ~~has been owned by the licensee for a period of at least five~~
4 ~~years.~~

5 ~~(3)--All other requirements of this section and section~~
6 ~~99B.2 are met, except that the cost to participate in the~~
7 ~~raffle may exceed one dollar for each participant.~~

8 ~~(4)--Receipts from the raffle are kept in a separate~~
9 ~~financial account.~~

10 ~~(5)--A cumulative report for the raffle on a form~~
11 ~~determined by the department and one percent of the gross~~
12 ~~receipts are submitted to the department within sixty days of~~
13 ~~the raffle drawing. The one percent of the gross receipts~~
14 ~~shall be retained by the department to pay for the cost of the~~
15 ~~special audit as provided in section 99B.5, subsection 3.~~

16 Sec. 8. Section 99B.7, subsection 3, paragraph c,
17 unnumbered paragraph 1, Code 1999, is amended to read as
18 follows:

19 A qualified organization shall distribute amounts awarded
20 as prizes on the day they are won. A qualified organization
21 shall dedicate and distribute the balance of the net receipts
22 received within a quarter and remaining after deduction of
23 reasonable expenses, charges, fees, taxes, and deductions
24 allowed by this chapter, ~~before the quarterly report required~~
25 ~~for that quarter under section 99B.2, subsection 4, is due~~
26 within thirty days following the end of each calendar quarter
27 during which the gambling occurred. The amount dedicated and
28 distributed must equal at least seventy-five percent of the
29 net receipts. A person desiring to hold the net receipts for
30 a period longer than permitted under this paragraph shall
31 apply to the department for special permission and upon good
32 cause shown the department may grant the request.

33 Sec. 9. Section 99B.7, subsection 3, Code 1999, is amended
34 by adding the following new paragraph:

35 NEW PARAGRAPH. d. The department may issue a limited

1 license without fee to a qualified organization if the total
2 cost of the prizes to be distributed at a raffle conducted by
3 the qualified organization is one thousand dollars or less.
4 If a prize consists of more than one item, unit or part, the
5 aggregate cost of all items, units or parts shall not exceed
6 one thousand dollars. If the prize is merchandise, its cost
7 shall be determined by the purchase price paid by the
8 organization. If the prize was donated to the organization,
9 its cost shall be determined by the purchase price paid by the
10 donor.

11 Sec. 10. Section 99B.7, Code 1999, is amended by adding
12 the following new subsection:

13 NEW SUBSECTION. 3A. If a licensee derives ninety percent
14 or more of its total income from conducting bingo, raffles, or
15 small games of chance, at least seventy-five percent of the
16 licensee's net receipts shall be distributed to an unrelated
17 entity for an educational, civic, public, charitable,
18 patriotic, or religious use.

19 Sec. 11. Section 99B.7, subsection 6, paragraph a, Code
20 1999, is amended to read as follows:

21 a. Except as provided in this paragraph, a person shall
22 not be compensated for services rendered in connection with a
23 game of skill, game of chance, or raffle conducted under this
24 section. This section forbids payment of compensation to
25 persons including, but not limited to, managers, callers,
26 cashiers, ~~floor-workers~~, janitorial personnel, accountants and
27 bookkeepers. However, up to four floor workers per one
28 hundred players, participating in the bingo occasion, may be
29 employed. Any other payment of compensation to floor workers
30 is prohibited. The privilege of selling merchandise on the
31 premises during a bingo occasion is deemed to be compensation.
32 ~~However, not more than four persons per one hundred players,~~
33 ~~participating in the bingo occasion may be employed.~~ An
34 employee under this paragraph need not be a member of the
35 qualified organization or a regular participant in the

1 activities of the qualified organization or in an educational,
2 civic, public, charitable, patriotic, or religious
3 organization to which the net receipts are dedicated by the
4 qualified organization. The wages of an employee shall not
5 exceed the federal minimum wage. This section does not
6 prohibit the employment of one or more individuals to serve as
7 security officers. A person who knowingly pays or receives
8 compensation in violation of this section commits a fraudulent
9 practice.

10 Sec. 12. Section 99B.8, Code 1999, is amended to read as
11 follows:

12 99B.8 ANNUAL GAME NIGHT.

13 1. Games of skill, games of chance, card games, and
14 raffles casino-type games other than slot machines may
15 lawfully may be conducted during a period of twelve
16 consecutive hours once each year by any person. The games or
17 raffles may be conducted at any location except one for which
18 a license is required pursuant to section 99B.3 or section
19 99B.5, but only if all of the following are complied with:

20 a. The sponsor of the event has been issued a license
21 pursuant to subsection 3 and prominently displays that license
22 on the premises covered by the license.

23 b. A bona fide social or employment relationship exists
24 between the sponsor and all of the participants.

25 c. No participant pays any consideration of any nature,
26 either directly or indirectly, to participate in the games or
27 raffles.

28 d. All money or other items wagered are provided to the
29 participant free by the sponsor.

30 e. The person conducting the game or-~~raffle~~ receives no
31 consideration, either directly or indirectly, other than good
32 will.

33 f. During the entire time activities permitted by this
34 section are being engaged in, no other gambling is engaged in
35 at the same location.

1 2. The other provisions of this section notwithstanding,
2 if the games ~~or-raffles~~ are conducted by a qualified
3 organization also licensed under section 99B.7, the sponsor
4 may charge an entrance fee or a fee to participate in the
5 games ~~or-raffles~~, and participants may wager their own funds
6 and pay an entrance or other fee for participation, provided
7 that a participant may not expend more than a total of fifty
8 dollars for all fees and wagers. The provisions of section
9 99B.7, subsection 3, paragraphs "b" and "c", shall apply to
10 games ~~and-raffles~~ conducted by a qualified organization
11 pursuant to this section.

12 3. The department of inspections and appeals may issue a
13 license pursuant to this section only once during a calendar
14 year to any one person. The license may be issued only upon
15 submission to the department of an application and a license
16 fee of twenty-five dollars.

17 4. However, an organization may sponsor one or more game
18 nights using play money for participation by students without
19 the organization obtaining a license otherwise required by
20 this section if the organization obtains prior approval for
21 the game night from the board of directors of the accredited
22 public school or the authorities in charge of the nonpublic
23 school accredited by the state board of education for whose
24 students the game night is to be held.

25 5. However, notwithstanding subsection 1, paragraphs "b"
26 and "c", if the games ~~or-raffles~~ are conducted by a qualified
27 organization issued a license pursuant to subsection 3, the
28 sponsor may charge an entrance fee to a participant and the
29 sponsor need not have a bona fide social relationship with the
30 participant.

31 Sec. 13. Section 422.43, subsections 2 and 3, Code
32 Supplement 1999, are amended to read as follows:

33 2. There is imposed a tax of five percent upon the gross
34 receipts derived from the operation of all forms of amusement
35 devices and games of skill, games of chance, raffles, and

1 bingo games as defined in chapter 99B, operated or conducted
2 within the state, the tax to be collected from the operator in
3 the same manner as for the collection of taxes upon the gross
4 receipts of tickets or admission as provided in this section.
5 The tax shall also be imposed upon the gross receipts derived
6 from the sale of lottery tickets or shares pursuant to chapter
7 99E. The tax on the lottery tickets or shares shall be
8 included in the sales price and distributed to the general
9 fund as provided in section 99E.10. The tax imposed pursuant
10 to this subsection does not apply to raffles authorized
11 pursuant to section 99B.7, subsection 3, paragraph "d".

12 3. The Except for a raffle authorized pursuant to section
13 99B.7, subsection 3, paragraph "d", the tax thus imposed
14 covers all receipts from the operation of games of skill,
15 games of chance, raffles and bingo games as defined in chapter
16 99B, and musical devices, weighing machines, shooting
17 galleries, billiard and pool tables, bowling alleys, pinball
18 machines, slot-operated devices selling merchandise not
19 subject to the general sales taxes and on all receipts from
20 devices or systems where prizes are in any manner awarded to
21 patrons and upon the receipts from fees charged for
22 participation in any game or other form of amusement, and
23 generally upon the gross receipts from any source of amusement
24 operated for profit, not specified in this section, and upon
25 the gross receipts from which no tax is collected for tickets
26 or admission, but no tax shall be imposed upon any activity
27 exempt from sales tax under section 422.45, subsection 3.
28 Every person receiving gross receipts from the sources defined
29 in this section is subject to all provisions of this division
30 relating to retail sales tax and other provisions of this
31 chapter as applicable.

32 EXPLANATION

33 This bill amends Code chapter 99B, games of skill or
34 chance, and raffles.

35 Code section 99B.1, definitions, is amended by adding the

1 definition of "unrelated entity" for use in determining the
2 type of entity to which a percentage of total income must be
3 distributed by a licensee.

4 Code sections 99B.2 and 99B.5 are amended to eliminate the
5 small and annual raffle rules conducted at a fair.

6 Code section 99B.6 is amended to prohibit dice games in
7 beer or liquor establishments, if the wager exceeds \$5.

8 Code section 99B.7 is amended to provide that a bingo
9 licensee may only conduct one jackpot game per bingo occasion
10 and may only conduct one jackpot game at a time; removes
11 limitations on the value of merchandize prizes, removes the
12 limitation on the cost of participation in a raffle, and
13 removes the limitation of only one property raffle per
14 calendar year for qualified organizations; specifies when net
15 receipts are to be distributed by a qualified organization;
16 and requires that a qualified organization licensee deriving
17 90 percent of its total income from conducting bingo, raffles,
18 or small games of skill or chance must distribute at least 75
19 percent of its net receipts to an unrelated entity for
20 educational, civic, public, charitable, patriotic, or
21 religious use. The amendment to Code section 99B.7 also
22 specifies that if personnel are employed for compensation,
23 they are to be limited to four floor workers per 100 players
24 in a bingo occasion.

25 The bill also authorizes the department to issue, without
26 fee, a limited license to a qualified organization to conduct
27 a raffle if the total value of all prizes is \$1,000 or less.
28 The raffle tickets sold under the limited license are also
29 exempt from the 5 percent gross receipts tax imposed on other
30 raffle tickets.

31 Code section 99B.8 specifies the types of games which may
32 be conducted at an annual game night and eliminates raffles
33 from the types of games allowed.

34
35

SENATE FILE 2391

S-5117

1 Amend Senate File 2391 as follows:
2 1. Page 5, by striking lines 24 through 30 and
3 inserting the following: "section. This section
4 forbids payment of compensation to persons including,
5 but not limited to, managers, ~~callers, cashiers, floor~~
6 ~~workers,~~ janitorial personnel, accountants and
7 bookkeepers. Callers, cashiers, and floor workers may
8 be employed. The privilege of selling merchandise on
9 the".

By MIKE CONNOLLY

S-5117 FILED MARCH 9, 2000

W/D 3/14/00
(P. 658)

SENATE FILE 2391

S-5119

1 Amend Senate File 2391 as follows:
2 1. Page 2, by striking lines 23 through 33 and
3 inserting the following: "paragraph. A bingo
4 licensee may conduct three jackpot games per bingo
5 occasion. In a jackpot bingo game, may-be-conducted
6 once-during-any-twenty-four-hour-period-in-which the
7 prize may begin at not more than three hundred dollars
8 in cash or actual retail value of merchandise prizes
9 and may be increased by not more than one hundred
10 dollars after each bingo occasion. However, the cost
11 of play in a jackpot bingo game shall not be increased
12 and the jackpot of the first two jackpot games shall
13 not amount to more than eight-hundred two thousand
14 five hundred dollars in cash or actual retail value of
15 merchandise prizes. If a third jackpot game is
16 conducted, the jackpot shall not amount to more than
17 five thousand dollars in cash or actual retail value
18 of merchandise prizes. A jackpot bingo game is not
19 prohibited by paragraph".

By MIKE CONNOLLY

S-5119 FILED MARCH 9, 2000

Lost 3/14/00
(P. 654)

SENATE FILE 2391

S-5120

1 Amend Senate File 2391 as follows:

2 1. Page 1, by inserting before line 1 the
3 following:

4 "Section 1. Section 99B.1, subsection 18, Code
5 1999, is amended to read as follows:

6 18. "Net receipts" means gross receipts less
7 amount awarded as prizes and less state and local
8 sales tax paid upon the gross receipts. Reasonable
9 expenses, charges, fees, taxes other than the state
10 and local sales tax, and deductions allowed by the
11 department shall not exceed ~~twenty-five~~ fifty percent
12 of net receipts."

13 2. Page 4, by inserting after line 15 the
14 following:

15 "Sec. ____ . Section 99B.7, subsection 3, paragraph
16 b, unnumbered paragraph 2, Code 1999, is amended to
17 read as follows:

18 Proceeds given to another charitable organization
19 to satisfy the ~~seventy-five~~ fifty percent dedication
20 requirement shall not be used by the donee to pay any
21 expenses in connection with the conducting of bingo
22 by the donor organization, or for any cause, deed, or
23 activity that would not constitute a valid dedication
24 under this section."

25 3. Page 4, line 28, by striking the word
26 "seventy-five" and inserting the following: "~~seventy-~~
27 five fifty".

28 4. Page 5, line 15, by striking the word
29 "seventy-five" and inserting the following: "~~seventy-~~
30 five fifty".

By MIKE CONNOLLY

S-5120 FILED MARCH 9, 2000

W/D
3/14/00
(P. 654)

SENATE FILE 2391

S-5121

1 Amend Senate File 2391 as follows:

2 1. Page 8, by inserting after line 31 the
3 following:

4 "Sec. ____ . Section 422.43, subsections 2 and 3,
5 Code Supplement 1999, are amended to read as follows:

6 2. There is imposed a tax of five percent upon the
7 gross receipts derived from the operation of all forms
8 of amusement devices and games of skill, games of
9 chance, and raffles, and except bingo games, as
10 defined in chapter 99B, operated or conducted within
11 the state, the tax to be collected from the operator
12 in the same manner as for the collection of taxes upon
13 the gross receipts of tickets or admission as provided
14 in this section. The tax shall also be imposed upon
15 the gross receipts derived from the sale of lottery
16 tickets or shares pursuant to chapter 99E. The tax on
17 the lottery tickets or shares shall be included in the
18 sales price and distributed to the general fund as
19 provided in section 99E.10.

20 3. The tax thus imposed covers all receipts from
21 the operation of games of skill, games of chance, and
22 raffles ~~and-bingo-games~~ as defined in chapter 99B, and
23 musical devices, weighing machines, shooting
24 galleries, billiard and pool tables, bowling alleys,
25 pinball machines, slot-operated devices selling
26 merchandise not subject to the general sales taxes and
27 on all receipts from devices or systems where prizes
28 are in any manner awarded to patrons and upon the
29 receipts from fees charged for participation in any
30 game or other form of amusement, and generally upon
31 the gross receipts from any source of amusement
32 operated for profit, not specified in this section,
33 and upon the gross receipts from which no tax is
34 collected for tickets or admission, but no tax shall
35 be imposed upon any activity exempt from sales tax
36 under section 422.45, subsection 3. Every person
37 receiving gross receipts from the sources defined in
38 this section is subject to all provisions of this
39 division relating to retail sales tax and other
40 provisions of this chapter as applicable.

41 Sec. ____ . Section 422.45, subsection 3, Code
42 Supplement 1999, is amended to read as follows:

43 3. The gross receipts from sales of educational,
44 religious, or charitable activities, where the entire
45 proceeds from the sales are expended for educational,
46 religious, or charitable purposes, except the gross
47 receipts from games of skill, games of chance, and
48 raffles ~~and-bingo-games~~ as defined in chapter 99B.
49 The gross receipts from bingo games are exempt to the
50 extent the gross receipts are expended for

S-5121

-1-

S-5121

Page 2

1 educational, religious, or charitable purposes. This
2 exemption is disallowed on the amount of the gross
3 receipts only to the extent the gross receipts are not
4 expended for educational, religious, or charitable
5 purposes."

6 2. Title page, line 3, by inserting after the
7 word "raffles" the following: "and providing a sales
8 tax exemption for certain games of chance".

By MIKE CONNOLLY

S-5121 FILED MARCH 9, 2000

W/D
3/14/00 (p. 655)

SENATE FILE 2391

S-5150

1 Amend Senate File 2391 as follows:

2 1. Page 2, line 27, by striking the word "three"
3 and inserting the following: "~~three~~ five".

4 2. Page 2, line 31, by striking the word "eight"
5 and inserting the following: "~~eight~~ fifteen".

By MIKE CONNOLLY

S-5150 FILED MARCH 14, 2000

ADOPTED (p. 657)

SENATE FILE 2391
BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO SSB 3061)

(AS AMENDED AND PASSED BY THE SENATE MARCH 14, 2000)

_____ - New Language by the Senate

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

A BILL FOR

1 An Act relating to regulatory duties of the department of
2 inspections and appeals related to games of skill or chance
3 and raffles.

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

S.F. 2391

1 Section 1. Section 99B.1, Code 1999, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 24. "Unrelated entity" means a person
4 that has a separate and distinct state charter and tax
5 identification number from any other person, and, if the
6 person is an individual, an individual that is not related by
7 law or by consanguinity.

8 Sec. 2. Section 99B.2, subsection 3, paragraph e, Code
9 1999, is amended to read as follows:

10 e. Except as permitted by subsection 3, paragraph "a",
11 gross receipts derived from the conduct of bingo shall not be
12 commingled with other funds of the licensed organization.

13 ~~Except as permitted by paragraph "c", subparagraphs (3) and~~
14 ~~(4), gross receipts shall not be transferred to another~~
15 ~~account maintained by the licensed organization.~~

16 Sec. 3. Section 99B.5, subsection 1, paragraph g, Code
17 1999, is amended by striking the paragraph.

18 Sec. 4. Section 99B.5, subsection 3, Code 1999, is amended
19 to read as follows:

20 3. A licensee under this section may hold one a real
21 property raffle ~~per calendar year at which the value of the~~
22 ~~real property may exceed two hundred dollars in lieu of the~~
23 ~~annual raffle authorized in subsection 1, paragraph "g",~~ if
24 all of the following requirements are met:

25 a. The licensee has submitted the special real property
26 raffle license application and a fee of one hundred dollars to
27 the department, has been issued a license, and prominently
28 displays the license at the drawing area of the raffle.

29 b. The real property was acquired by gift or donation or
30 has been owned by the licensee for a period of at least five
31 years.

32 c. All other requirements of this section and section
33 99B.2 are met ~~except that the cost to participate in the~~
34 ~~raffle may exceed one dollar for each participant.~~

35 d. Receipts from the raffle are kept in a separate

1 financial account.

2 e. A cumulative report for the raffle on a form determined
3 by the department and one percent of the gross receipts are
4 submitted to the department within sixty days of the raffle
5 drawing. The one percent of the gross receipts shall be
6 retained by the department to pay for the cost of the special
7 audit.

8 Sec. 5. Section 99B.6, Code 1999, is amended by adding the
9 following new subsection:

10 NEW SUBSECTION. 7A. With the exception of backgammon or
11 other similar board game, any game involving dice is
12 prohibited, if the wager exceeds five dollars.

13 Sec. 6. Section 99B.7, subsection 1, paragraph c,
14 unnumbered paragraph 1, Code 1999, is amended to read as
15 follows:

16 Cash or merchandise prizes may be awarded in the game of
17 bingo and, except as otherwise provided in this paragraph,
18 shall not exceed one hundred dollars. Merchandise prizes may
19 be awarded in the game of bingo, but the actual retail value
20 of the prize, or if the prize consists of more than one item,
21 unit or part, the aggregate retail value of all items, units
22 or parts, shall not exceed the maximum provided by this
23 paragraph. A bingo licensee may conduct one jackpot game per
24 bingo occasion and may only conduct one jackpot game at a
25 time. In a jackpot bingo game, ~~may-be-conducted-once-during~~
26 any-twenty-four-hour-period-in-which the prize may begin at
27 not more than three five hundred dollars in cash or actual
28 retail value of merchandise prizes and may be increased by not
29 more than one hundred dollars after each bingo occasion.
30 However, the cost of play in a jackpot bingo game shall not be
31 increased and the jackpot shall not amount to more than eight
32 fifteen hundred dollars in cash or actual retail value of
33 merchandise prizes. A jackpot bingo game is not prohibited by
34 paragraph "h". A bingo occasion shall not last for longer
35 than four consecutive hours. A qualified organization shall

1 not hold more than fourteen bingo occasions per month. Bingo
2 occasions held under a limited license shall not be counted in
3 determining whether a qualified organization has conducted
4 more than fourteen bingo occasions per month, nor shall bingo
5 occasions held under a limited license be limited to four
6 consecutive hours. With the exception of a limited license
7 bingo, no more than three bingo occasions per week shall be
8 held within a structure or building and only one person
9 licensed to conduct games under this section may hold bingo
10 occasions within a structure or building. A licensed
11 qualified organization shall not conduct free games.

12 Sec. 7. Section 99B.7, subsection 1, paragraphs d, e, and
13 q, Code 1999, are amended to read as follows:

14 d. Cash prizes shall not be awarded in games other than
15 bingo and raffles. ~~The value of a prize shall not exceed one~~
16 ~~thousand dollars and merchandise prizes shall not be~~
17 ~~repurchased. If a prize consists of more than one item, unit,~~
18 ~~or part, the aggregate value of all items, units, or parts~~
19 ~~shall not exceed one thousand dollars. However, one raffle~~
20 ~~may be conducted per calendar year at which prizes having a~~
21 ~~combined value of more than one thousand dollars may be~~
22 ~~awarded. If the prize is merchandise, its value shall be~~
23 ~~determined by purchase price paid by the organization or~~
24 ~~donor.~~

25 e. ~~Except as provided in paragraph "d" of this subsection~~
26 ~~with respect to an annual raffle, the cost to a participant~~
27 ~~for each game shall not exceed one dollar.~~

28 q. A licensee under this section may hold one a real
29 property raffle ~~per calendar year at which the value of the~~
30 ~~real property may exceed one thousand dollars in lieu of the~~
31 ~~annual raffle authorized in subsection 1, paragraph "d", if~~
32 ~~all of the following requirements are met:~~

33 (1) ~~The licensee has submitted the special real property~~
34 ~~raffle license application and a fee of one hundred dollars to~~
35 ~~the department, has been issued a license, and prominently~~

1 ~~displays the license at the drawing area of the raffle.~~

2 ~~(2)--The real property was acquired by gift or donation or~~
3 ~~has been owned by the licensee for a period of at least five~~
4 ~~years.~~

5 ~~(3)--All other requirements of this section and section~~
6 ~~99B.2 are met, except that the cost to participate in the~~
7 ~~raffle may exceed one dollar for each participant.~~

8 ~~(4)--Receipts from the raffle are kept in a separate~~
9 ~~financial account.~~

10 ~~(5)--A cumulative report for the raffle on a form~~
11 ~~determined by the department and one percent of the gross~~
12 ~~receipts are submitted to the department within sixty days of~~
13 ~~the raffle drawing.--The one percent of the gross receipts~~
14 ~~shall be retained by the department to pay for the cost of the~~
15 ~~special audit as provided in section 99B.5, subsection 3.~~

16 Sec. 8. Section 99B.7, subsection 3, paragraph c,
17 unnumbered paragraph 1, Code 1999, is amended to read as
18 follows:

19 A qualified organization shall distribute amounts awarded
20 as prizes on the day they are won. A qualified organization
21 shall dedicate and distribute the balance of the net receipts
22 received within a quarter and remaining after deduction of
23 reasonable expenses, charges, fees, taxes, and deductions
24 allowed by this chapter, ~~before the quarterly report required~~
25 ~~for that quarter under section 99B.2, subsection 4, is due~~
26 within thirty days following the end of each calendar quarter
27 during which the gambling occurred. The amount dedicated and
28 distributed must equal at least seventy-five percent of the
29 net receipts. A person desiring to hold the net receipts for
30 a period longer than permitted under this paragraph shall
31 apply to the department for special permission and upon good
32 cause shown the department may grant the request.

33 Sec. 9. Section 99B.7, subsection 3, Code 1999, is amended
34 by adding the following new paragraph:

35 NEW PARAGRAPH. d. The department may issue a limited

1 license without fee to a qualified organization if the total
2 cost of the prizes to be distributed at a raffle conducted by
3 the qualified organization is one thousand dollars or less.
4 If a prize consists of more than one item, unit or part, the
5 aggregate cost of all items, units or parts shall not exceed
6 one thousand dollars. If the prize is merchandise, its cost
7 shall be determined by the purchase price paid by the
8 organization. If the prize was donated to the organization,
9 its cost shall be determined by the purchase price paid by the
10 donor.

11 Sec. 10. Section 99B.7, Code 1999, is amended by adding
12 the following new subsection:

13 NEW SUBSECTION. 3A. If a licensee derives ninety percent
14 or more of its total income from conducting bingo, raffles, or
15 small games of chance, at least seventy-five percent of the
16 licensee's net receipts shall be distributed to an unrelated
17 entity for an educational, civic, public, charitable,
18 patriotic, or religious use.

19 Sec. 11. Section 99B.7, subsection 6, paragraph a, Code
20 1999, is amended to read as follows:

21 a. Except as provided in this paragraph, a person shall
22 not be compensated for services rendered in connection with a
23 game of skill, game of chance, or raffle conducted under this
24 section. This section forbids payment of compensation to
25 persons including, but not limited to, managers, callers,
26 cashiers, ~~floor-workers~~, janitorial personnel, accountants and
27 bookkeepers. However, up to four floor workers per one
28 hundred players, participating in the bingo occasion, may be
29 employed. Any other payment of compensation to floor workers
30 is prohibited. The privilege of selling merchandise on the
31 premises during a bingo occasion is deemed to be compensation.
32 ~~However, not more than four persons per one hundred players,~~
33 ~~participating in the bingo occasion may be employed.~~ An
34 employee under this paragraph need not be a member of the
35 qualified organization or a regular participant in the

1 activities of the qualified organization or in an educational,
2 civic, public, charitable, patriotic, or religious
3 organization to which the net receipts are dedicated by the
4 qualified organization. The wages of an employee shall not
5 exceed the federal minimum wage. This section does not
6 prohibit the employment of one or more individuals to serve as
7 security officers. A person who knowingly pays or receives
8 compensation in violation of this section commits a fraudulent
9 practice.

10 Sec. 12. Section 99B.8, Code 1999, is amended to read as
11 follows:

12 99B.8 ANNUAL GAME NIGHT.

13 1. Games of skill, games of chance, card games, and
14 ~~raffles~~ casino-type games other than slot machines may
15 lawfully ~~may~~ be conducted during a period of twelve
16 consecutive hours once each year by any person. The games ~~or~~
17 ~~raffles~~ may be conducted at any location except one for which
18 a license is required pursuant to section 99B.3 or section
19 99B.5, but only if all of the following are complied with:

20 a. The sponsor of the event has been issued a license
21 pursuant to subsection 3 and prominently displays that license
22 on the premises covered by the license.

23 b. A bona fide social or employment relationship exists
24 between the sponsor and all of the participants.

25 c. No participant pays any consideration of any nature,
26 either directly or indirectly, to participate in the games ~~or~~
27 ~~raffles~~.

28 d. All money or other items wagered are provided to the
29 participant free by the sponsor.

30 e. The person conducting the game ~~or-raffle~~ receives no
31 consideration, either directly or indirectly, other than good
32 will.

33 f. During the entire time activities permitted by this
34 section are being engaged in, no other gambling is engaged in
35 at the same location.

1 2. The other provisions of this section notwithstanding,
2 if the games ~~or-raffles~~ are conducted by a qualified
3 organization also licensed under section 99B.7, the sponsor
4 may charge an entrance fee or a fee to participate in the
5 games ~~or-raffles~~, and participants may wager their own funds
6 and pay an entrance or other fee for participation, provided
7 that a participant may not expend more than a total of fifty
8 dollars for all fees and wagers. The provisions of section
9 99B.7, subsection 3, paragraphs "b" and "c", shall apply to
10 games ~~and-raffles~~ conducted by a qualified organization
11 pursuant to this section.

12 3. The department of inspections and appeals may issue a
13 license pursuant to this section only once during a calendar
14 year to any one person. The license may be issued only upon
15 submission to the department of an application and a license
16 fee of twenty-five dollars.

17 4. However, an organization may sponsor one or more game
18 nights using play money for participation by students without
19 the organization obtaining a license otherwise required by
20 this section if the organization obtains prior approval for
21 the game night from the board of directors of the accredited
22 public school or the authorities in charge of the nonpublic
23 school accredited by the state board of education for whose
24 students the game night is to be held.

25 5. However, notwithstanding subsection 1, paragraphs "b"
26 and "c", if the games ~~or-raffles~~ are conducted by a qualified
27 organization issued a license pursuant to subsection 3, the
28 sponsor may charge an entrance fee to a participant and the
29 sponsor need not have a bona fide social relationship with the
30 participant.

31 Sec. 13. Section 422.43, subsections 2 and 3, Code
32 Supplement 1999, are amended to read as follows:

33 2. There is imposed a tax of five percent upon the gross
34 receipts derived from the operation of all forms of amusement
35 devices and games of skill, games of chance, raffles, and

1 bingo games as defined in chapter 99B, operated or conducted
2 within the state, the tax to be collected from the operator in
3 the same manner as for the collection of taxes upon the gross
4 receipts of tickets or admission as provided in this section.
5 The tax shall also be imposed upon the gross receipts derived
6 from the sale of lottery tickets or shares pursuant to chapter
7 99E. The tax on the lottery tickets or shares shall be
8 included in the sales price and distributed to the general
9 fund as provided in section 99E.10. The tax imposed pursuant
10 to this subsection does not apply to raffles authorized
11 pursuant to section 99B.7, subsection 3, paragraph "d".

12 3. The Except for a raffle authorized pursuant to section
13 99B.7, subsection 3, paragraph "d", the tax thus imposed
14 covers all receipts from the operation of games of skill,
15 games of chance, raffles and bingo games as defined in chapter
16 99B, and musical devices, weighing machines, shooting
17 galleries, billiard and pool tables, bowling alleys, pinball
18 machines, slot-operated devices selling merchandise not
19 subject to the general sales taxes and on all receipts from
20 devices or systems where prizes are in any manner awarded to
21 patrons and upon the receipts from fees charged for
22 participation in any game or other form of amusement, and
23 generally upon the gross receipts from any source of amusement
24 operated for profit, not specified in this section, and upon
25 the gross receipts from which no tax is collected for tickets
26 or admission, but no tax shall be imposed upon any activity
27 exempt from sales tax under section 422.45, subsection 3.
28 Every person receiving gross receipts from the sources defined
29 in this section is subject to all provisions of this division
30 relating to retail sales tax and other provisions of this
31 chapter as applicable.

32
33
34
35