

F I N A L   R E P O R T  
RIVERBOAT GAMBLING STUDY COMMITTEE

January, 1987

The Riverboat Gambling Study Committee was established by the Legislative Council to consider proposals to enhance Iowa's tourism industry through the legalization of limited casino-type gambling confined to commercial riverboat enterprises on the Mississippi and Missouri Rivers, and on lakes and reservoirs; and the establishment of one or more recreation-tourism corridors.

Members serving on the Study Committee were:

Senator Don Gettings, Co-chairperson  
Representative Tom Fey, Co-chairperson  
Senator Eugene Fraise  
Senator Michael Gronstal  
Senator Edgar Holden  
Senator Jack Hester  
Representative Bob Arnould  
Representative Art Ollie  
Representative Robert Grandia  
Representative Joseph Kremer

The Study Committee was authorized three meetings and used the authorized meetings on September 22, November 11, and December 3, 1986.

The first meeting was held on Monday, September 22, 1986, in the Wallace State Office Building. The Study Committee heard testimony from the Office of Attorney General, the Division of Criminal Investigation, and the Division of Licensing of the North Dakota Office of Attorney General. Mr. Mike Smith, Assistant Attorney General, Environmental Law Division, testified to the Study Committee concerning the potential problems of law enforcement on the border rivers, Mississippi and Missouri Rivers. He testified that there appears to be some ambiguity concerning concurrent jurisdiction by bordering states with regard to gambling laws. A 1909 U. S. Supreme Court case, Nielsen vs. Oregon, resulted in a ruling that concurrent jurisdiction on border rivers does not apply to fishing laws. The Court drew a distinction between acts which are inherently criminal such as robbery or homicide and acts which are not inherently criminal such as fishing law violations. Gambling laws may also fit the latter classification which means a state's jurisdiction would end at its designated border. The specific boundary on border rivers is not easy to determine in many instances.

The Study Committee also received testimony from Mr. Timothy McDonald, Division of Criminal Investigation, Department of Public Safety, regarding potential law enforcement problems regarding casino-type gambling. He noted that background checks of persons involved in gambling operations will undoubtedly be desired and enforcement tools such as forfeiture statutes and warrantless searches are significant aids in the enforcement of gambling laws. He further stated that additional agents will probably be needed depending on the number of licensed gambling boats and locations of the boats.

The Study Committee invited Mr. Charles Keller, Chief Auditor, Division of Licensing, Office of Attorney General of North Dakota, to testify concerning the licensing and regulation of charitable gaming operations authorized in North Dakota. North Dakota authorizes low stakes blackjack games, two dollars per hand limits, pulltab games, and jar tickets. Mr. Keller described a number of the regulatory and enforcement mechanisms such as record and reporting systems required, internal control systems, and computerized cross-check systems being developed to match reports between distributors and gaming operations.

The Study Committee also received a progress report from the Chairperson and Project Director of the Recreation-Tourism-Leisure Study Committee. Mr. Gerald Schnepf, Chairperson, reported on the current projects being pursued by the Committee to enhance the recreation-tourism-leisure industry of the state. Mr. Dave Dahlquist, Project Director, briefed the members on employment and revenue potentials resulting from additional promotion efforts by the state and local communities.

During its second meeting on November 11, the Study Committee heard testimony from Mr. Verne Holmes, Marketing Representative, International Games Technology, representatives of various chambers of commerce or tourist and visitors bureaus, and gambling opponents. Based on his experience with the gaming industry, Mr. Holmes predicted that limited, casino-type gambling restricted to excursion boats would be very successful and would create a significant draw to overall tourism in the area of the gaming activity. He advised the Study Committee to begin the gambling activities with the simpler, less intimidating formats such as twenty-one, electronic poker, and slot machines. He also indicated that the type of limited gambling proposed by the Study Committee would easily attract capital investments in excursion boats. The Study Committee also heard testimony, written and oral, from representatives of chambers of commerce and visitors and tourist bureaus expressing support for the concept of limited riverboat gambling to enhance tourism and related economic activity.

On the other side of the issue, the Study Committee also received invited testimony from Mr. Paul Stanfield and Reverend Frank Nichols expressing disapproval of gambling on moral grounds and noting the potential costs to society resulting from gambling addiction and increased criminal activity in the state.

At its last meeting on December 3, the Study Committee received testimony on the proposed riverboat gambling from the owner of an excursion boat operating on the Mississippi. Mr. Joe Schadler expressed interest in operating an excursion gambling boat as well as maintaining excursion rides without gambling for families and persons who are not interested in gambling. Mr. Schadler also expressed interest in building a new excursion boat with a 1,500 to 2,000 passenger capacity if limited casino-types of gambling are legalized.

The Study Committee also reviewed and amended a proposed bill draft authorizing excursion boat gambling as requested by the Co-chairpersons at the conclusion of the second Committee meeting.

The Study Committee recommends LSB 1249IS to the Legislative Council for consideration of the appropriate standing committees of the Seventy-second General Assembly, A Bill For An Act authorizing limited gambling on excursion boats by establishing an excursion boat gambling commission, by specifying the powers and duties of the commission, by imposing a tax on adjusted gross receipts from gambling, by requiring licenses and imposing fees, by allocating revenue received, by making corresponding amendments to the Code, and by providing penalties for violations.

A copy of the bill draft as recommended by the Study Committee is attached to and by this reference made a part of this report.

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED RIVERBOAT GAMBLING  
STUDY COMMITTEE BILL)

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

A BILL FOR

1 An Act authorizing limited gambling on excursion gambling boats  
2 by establishing an excursion boat gambling commission, by  
3 specifying the powers and duties of the commission, by  
4 imposing a tax on adjusted gross receipts from gambling, by  
5 requiring licenses and imposing fees, by allocating revenue  
6 received, by making corresponding amendments to the Code, and  
7 by providing penalties for violations.

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

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1 Section 1. NEW SECTION. 99F.1 DEFINITIONS.

2 As used in this chapter unless the context otherwise  
3 requires:

4 1. "Applicant" means any person applying for an  
5 occupational license, applying for a license for an excursion  
6 gambling boat, or applying for a license to conduct gambling  
7 games on an excursion gambling boat.

8 2. "Commission" means the excursion gambling boat  
9 commission created under section 99F.4. However, effective  
10 July 1, 1990, "commission" means the state racing commission  
11 created under section 99D.5.

12 3. "Holder of occupational license" means a person  
13 licensed by the commission to perform an occupation which the  
14 commission has identified as requiring a license to engage in  
15 excursion boat gambling in Iowa.

16 4. "Licensee" means any person licensed under section  
17 99F.9.

18 5. "Gambling game" means twenty-one, slot machine, video  
19 game of chance, roulette wheel, klondike table, punchboard,  
20 faro layout, keno layout, numbers ticket, pinball machine,  
21 push card, jar ticket, or pull tab which is authorized by the  
22 commission as a wagering device under this chapter.

23 6. "Excursion gambling boat" means a self-propelled  
24 excursion boat on which lawful gambling is authorized and  
25 licensed as provided in this chapter.

26 7. "Gambling excursion" means the time during which  
27 gambling games may be operated on an excursion gambling boat  
28 whether docked or during a cruise.

29 8. "Excursion season" includes the months of April through  
30 November.

31 9. "Off season" includes the months of December through  
32 March.

33 10. "Dock" means the location where an excursion gambling  
34 boat moors for the purpose of embarking passengers for and  
35 disembarking passengers from a gambling excursion.

1 11. "Gross receipts" means the total sum wagered under  
2 this chapter.

3 12. "Adjusted gross receipts" means the gross receipts  
4 less winnings paid to wagerers.

5 Sec. 2. NEW SECTION. 99F.2 SCOPE OF PROVISIONS.

6 This chapter does not apply to the pari-mutuel system of  
7 wagering used or intended to be used in connection with the  
8 horse-race or dog-race meetings as authorized under chapter  
9 99D, lottery or lotto games authorized under chapter 99E, or  
10 bingo or games of skill or chance authorized under chapter  
11 99B.

12 Sec. 3. NEW SECTION. 99F.3 EXCURSION BOAT GAMBLING  
13 AUTHORIZED.

14 The system of wagering on a gambling game as provided by  
15 this chapter is legal, when conducted on an excursion gambling  
16 boat at authorized locations by a licensee as provided in this  
17 chapter.

18 Sec. 4. NEW SECTION. 99F.4 CREATION OF EXCURSION  
19 GAMBLING BOAT COMMISSION -- MEMBERS -- TERMS -- QUALIFICATIONS  
20 -- BONDS -- PROHIBITED ACTIVITIES -- PENALTY.

21 1. There is created an excursion gambling boat commission  
22 consisting of five members who shall be appointed by the  
23 governor subject to confirmation by the senate, and who shall  
24 serve not to exceed a three-year term at the pleasure of the  
25 governor. The term of each member shall begin and end as  
26 provided in section 69.19.

27 2. A vacancy on the commission shall be filled as provided  
28 in section 2.32.

29 3. Not more than three members of the commission shall  
30 belong to the same political party and no two members of the  
31 commission shall reside, when appointed, in the same  
32 congressional district. A member of the commission shall not  
33 have a financial interest in a business, partnership, or  
34 corporation operating an excursion gambling boat.

35 4. Commission members shall each receive an annual salary

1 of six thousand dollars. Members shall also be reimbursed for  
2 necessary travel and expenses incurred in the performance of  
3 their duties to a maximum of six thousand dollars per year for  
4 the commission. Each member shall post a bond in the amount  
5 of ten thousand dollars, with sureties to be approved by the  
6 governor, to guarantee the proper handling and accounting of  
7 moneys and other properties required in the administration of  
8 this chapter. The premiums on the bonds shall be paid as  
9 other expenses of the commission.

10 5. A member shall not knowingly:

11 a. Have a pecuniary, equitable, or other interest in or  
12 engage in a business or employment which would be a conflict  
13 of interest or interfere or conflict with the proper discharge  
14 of the duties of the commission including any of the  
15 following:

16 (1) A business which does business with a licensee.

17 (2) A business issued a concession operator's license.

18 b. Place a wager on a gambling game operated on an  
19 excursion gambling boat.

20 A violation of this subsection is a serious misdemeanor.  
21 In addition, the individual may be subject to disciplinary  
22 actions pursuant to the commission rules.

23 6. A member, employee, or appointee of the commission,  
24 spouse of a member, employee, or appointee of the commission,  
25 or a family member related within the second degree of  
26 affinity or consanguinity to a member, employee, or appointee  
27 of the commission shall not do either of the following:

28 a. Hold an occupational license.

29 b. Enter directly or indirectly into any business dealing,  
30 venture, or contract with an owner or lessee of an excursion  
31 gambling boat.

32 A member who knowingly approves of a violation of this  
33 subsection is guilty of a serious misdemeanor.

34 7. The commission shall elect in July of each year one of  
35 its members chairperson for the succeeding year.

1     Sec. 5. NEW SECTION. 99F.5 EMPLOYEES -- DUTIES -- BOND.

2     The commission may employ an administrator and other  
3 assistants and employees as necessary to carry out its duties.  
4 Some or all of the information required of applicants in  
5 section 99F.8, subsections 1 and 2, may also be required of  
6 employees of the commission if the commission deems it  
7 necessary. The administrator shall keep a record of the  
8 proceedings of the commission, preserve the books, records,  
9 and documents entrusted to the administrator's care, and  
10 perform other duties as the commission prescribes. The  
11 commission shall require the administrator to post a bond in a  
12 sum it may fix, conditioned upon the faithful performance of  
13 the administrator's duties. Subject to the approval of the  
14 governor, the commission shall fix the compensation of its  
15 administrator within salary range five as set by the general  
16 assembly. The commission shall also fix the compensation of  
17 its other employees, subject to the approval of the governor.  
18 The commission shall have its headquarters in the city of Des  
19 Moines, and shall meet in July of each year and at other times  
20 and places as it finds necessary for the discharge of its  
21 duties.

22     Sec. 6. NEW SECTION. 99F.6 POWERS AND AUTHORITY.

23     The commission shall have full jurisdiction over and shall  
24 supervise all gambling operations governed by this chapter.  
25 The commission shall have the following powers and shall adopt  
26 rules pursuant to chapter 17A to implement this chapter:

27     1. To investigate applicants and determine the eligibility  
28 of applicants for a license and to select among competing  
29 applicants for a license the applicant which best serves the  
30 interests of the citizens of Iowa.

31     2. To license owners of gambling game operations, to  
32 license operators of excursion gambling boats, to identify  
33 occupations within the excursion gambling boat operations  
34 which require licensing, and to adopt standards for licensing  
35 the occupations including establishing fees for the

1 occupational licenses and licenses for owners of gambling game  
2 operations. The fees shall be paid to the commission and  
3 deposited in a special account of the general fund of the  
4 state. All revenue received by the commission from license  
5 fees and admission taxes shall be deposited in the special  
6 account in the general fund of the state.

7 3. To adopt standards under which all excursion gambling  
8 boat operations shall be held and standards for the facilities  
9 within which the gambling operations shall be held. The  
10 commission may authorize the operation of gambling games on an  
11 excursion boat which is also licensed to sell or serve  
12 alcoholic beverages, wine, or beer as defined in section  
13 123.3.

14 4. To regulate the wagering structure for gambling  
15 excursions including providing a maximum wager of five dollars  
16 per hand or play and maximum loss of two hundred dollars per  
17 individual player per gambling excursion.

18 5. To enter the office, excursion gambling boat,  
19 facilities, or other places of business of a licensee to  
20 determine compliance with this chapter.

21 6. To investigate alleged violations of this chapter or  
22 the commission rules, orders, or final decisions and to take  
23 appropriate disciplinary action against a licensee or a holder  
24 of an occupational license for the violation, or institute  
25 appropriate legal action for enforcement, or both.

26 7. To authorize a licensee, an employee of a licensee or  
27 holder of an occupational license to expel a person violating  
28 a provision of this chapter or the commission rules, orders,  
29 or final orders, or other person deemed to be undesirable from  
30 the excursion gambling boat facilities.

31 8. To require the removal of a licensee, an employee of a  
32 licensee, or a holder of an occupational license for a  
33 violation of this chapter or a commission rule or engaging in  
34 a fraudulent practice.

35 9. To require a licensee to file an annual balance sheet

1 and profit and loss statement pertaining to the licensee's  
2 gambling activities in this state, together with a list of the  
3 stockholders or other persons having any beneficial interest  
4 in the gambling activities of each licensee.

5 10. To issue subpoenas for the attendance of witnesses and  
6 subpoenas duces tecum for the production of books, records and  
7 other pertinent documents in accordance with chapter 17A, and  
8 to administer oaths and affirmations to the witnesses, when,  
9 in the judgment of the commission, it is necessary to enforce  
10 this chapter or the commission rules.

11 11. To keep accurate and complete records of its  
12 proceedings and to certify the records as may be appropriate.

13 12. To revoke or suspend licenses.

14 13. To take any other action as may be reasonable or  
15 appropriate to enforce this chapter and the commission rules.

16 14. To require all licensees of gambling game operations  
17 to utilize a cashless wagering system whereby all players'  
18 money is converted to tokens, electronic cards, or chips which  
19 only can be used for wagering on the excursion gambling boat.

20 Sec. 7. NEW SECTION. 99F.7 LICENSES FOR BOAT AND GAME  
21 OWNERS -- APPLICATIONS.

22 1. A qualified person may apply to the commission for a  
23 license to operate an excursion gambling boat or to own a  
24 gambling game operation on an excursion gambling boat as  
25 provided in this chapter. The application shall be filed with  
26 the administrator of the commission at least sixty days before  
27 the first day of the next riverboat gambling excursion season  
28 as determined by the commission, shall identify the excursion  
29 boat upon which gambling games will be authorized, shall  
30 specify the exact location where the boat will be docked, and  
31 shall be in a form and contain information as the commission  
32 prescribes.

33 2. The annual license fee shall be based on the passenger-  
34 carrying capacity including crew, for which the excursion  
35 gambling boat is registered. The annual fee shall be five

1 dollars per person capacity.

2 Sec. 8. NEW SECTION. 99F.8 REQUIREMENTS OF APPLICANT --  
3 PENALTY -- CONSENT TO SEARCH.

4 1. A person shall not be issued a license to own a  
5 gambling game operation on an excursion gambling boat, or a  
6 license to operate an excursion gambling boat under this  
7 chapter or an occupational license unless the person has  
8 completed and signed an application on the form prescribed and  
9 published by the commission. The application shall state the  
10 full name, social security number, residence, date of birth  
11 and other personal identifying information of the applicant  
12 that the commission deems necessary. The application shall  
13 state whether the applicant has any of the following:

14 a. A record of conviction of a felony.

15 b. An addiction to alcohol or a controlled substance.

16 c. A history of mental illness or repeated acts of  
17 violence.

18 2. An applicant shall submit pictures, fingerprints, and  
19 descriptions of physical characteristics to the commission in  
20 the manner prescribed on the application forms.

21 3. The commission shall charge the applicant a fee set by  
22 the department of public safety, division of criminal  
23 investigation and bureau of identification, to defray the  
24 costs associated with the search and classification of  
25 fingerprints required in subsection 2. This fee is in  
26 addition to any other license fee charged by the commission.

27 4. A person who knowingly makes a false statement on the  
28 application is guilty of an aggravated misdemeanor.

29 5. The licensee or a holder of an occupational license  
30 shall consent to agents of the division of criminal  
31 investigation of the department of public safety or commission  
32 employees designated by the secretary of the commission to the  
33 search without a warrant of the licensee or holder's person,  
34 personal property and effects, and premises which are located  
35 on the excursion gambling boat or adjacent facilities under

1 control of the licensee to inspect or investigate for criminal  
2 violations of this chapter or violations of rules adopted by  
3 the commission.

4 Sec. 9. NEW SECTION. 99F.9 LICENSES -- TERMS AND  
5 CONDITIONS -- REVOCATION.

6 1. If the commission is satisfied that this chapter and  
7 its rules adopted under this chapter applicable to licensees  
8 have been or will be complied with, it may issue a license for  
9 a period of not more than three years. The commission may  
10 decide which gambling games it will permit. The commission  
11 shall decide the number, location, and type of excursion  
12 gambling boats licensed under this chapter. The commission  
13 shall license not more than a total of fifteen excursion  
14 gambling boats. Not more than eight excursion gambling boats  
15 shall be licensed for operation on the Missouri River and the  
16 Mississippi River, and not more than one excursion gambling  
17 boat shall be licensed for each of the following bodies of  
18 water: Lake Okoboji, Spirit Lake, Clear Lake, Saylorville  
19 Reservoir, Red Rock Reservoir, Rathbun Reservoir, and Storm  
20 Lake. The license shall set forth the name of the licensee,  
21 the type of license granted, the place where the excursion  
22 gambling boats will operate and dock, and the time and number  
23 of days during the excursion season and the off season when  
24 gambling may be conducted by the licensee. The commission  
25 shall not allow a licensee to conduct gambling games on an  
26 excursion gambling boat while docked during the off season if  
27 the licensee does not operate gambling excursions for a  
28 minimum number of days during the excursion season.

29 2. A license shall only be granted to an applicant upon  
30 the express condition that:

31 a. The applicant shall not, by a lease, contract,  
32 understanding, or arrangement of any kind, grant, assign, or  
33 turn over to a person the operation of an excursion gambling  
34 boat licensed under this section or of the system of wagering  
35 described in section 99F.11. This section does not prohibit a

1 management contract approved by the commission.

2 b. The applicant shall not in any manner permit a person  
3 other than the licensee to have a share, percentage, or  
4 proportion of the money received for admissions to the  
5 excursion gambling boat.

6 3. A license shall not be granted if there is substantial  
7 evidence that the applicant for a license:

8 a. Has been suspended from operating a game of chance or  
9 gambling operation in another jurisdiction by a board or  
10 commission of that jurisdiction.

11 b. Has not demonstrated financial responsibility  
12 sufficient to meet adequately the requirements of the  
13 enterprise proposed.

14 c. Is not the true owner of the enterprise proposed.

15 d. Is not the sole owner, and other persons have ownership  
16 in the enterprise which fact has not been disclosed.

17 e. Is a corporation and ten percent of the stock of the  
18 corporation is subject to a contract or option to purchase at  
19 any time during the period for which the license is issued  
20 unless the contract or option was disclosed to the commission  
21 and the commission approved the sale or transfer during the  
22 period of the license.

23 f. Has knowingly made a false statement of a material fact  
24 to the commission.

25 g. Has failed to meet any monetary obligation in  
26 connection with an excursion gambling boat.

27 4. Character references may be required of persons  
28 licensed, but the character references shall not be obtained  
29 from persons in the same or similar occupations or professions  
30 in other states.

31 5. A license shall not be granted to a licensee for  
32 gambling on more than two excursion gambling boats at the same  
33 time.

34 6. A licensee may not loan to any person money or any  
35 other thing of value for the purpose of permitting that person

1 to wager on any game of chance.

2 7. Upon a violation of any of the conditions listed in  
3 this section, the commission shall immediately revoke the  
4 license.

5 8. A licensee shall not dock an excursion gambling boat  
6 within the jurisdiction of a city which enacts an ordinance  
7 prohibiting excursion boat gambling or within an area outside  
8 the limits of a city if the county enacts an ordinance  
9 prohibiting excursion boat gambling.

10 Sec. 10. NEW SECTION. 99F.10 BOND OF LICENSEE.

11 A licensee licensed under section 99F.9 shall post a bond  
12 to the state of Iowa before the license is issued in a sum as  
13 the commission shall fix, with sureties to be approved by the  
14 commission. The bond shall be used to guarantee that the  
15 licensee faithfully makes the payments, keeps its books and  
16 records and makes reports, and conducts its games of chance in  
17 conformity with this chapter and the rules adopted by the  
18 commission. The bond shall not be canceled by a surety on  
19 less than thirty days notice in writing to the commission. If  
20 a bond is canceled and the licensee fails to file a new bond  
21 with the commission in the required amount on or before the  
22 effective date of cancellation, the licensee's license shall  
23 be revoked. The total and aggregate liability of the surety  
24 on the bond is limited to the amount specified in the bond.

25 Sec. 11. NEW SECTION. 99F.11 WAGERING -- MINORS  
26 PROHIBITED.

27 1. Except as permitted in this section, the licensee shall  
28 permit no form of wagering on gambling games.

29 2. Licensees shall only allow a maximum wager of five  
30 dollars per hand or play and a maximum loss of two hundred  
31 dollars per person during each gambling excursion.

32 3. The licensee may receive wagers only from a person  
33 present on a licensed excursion gambling boat.

34 4. The licensee shall exchange the money of each wagerer  
35 for tokens, chips, or other forms of credit to be wagered on

1 the gambling games. The licensee shall exchange the gambling  
2 tokens, chips, or other forms of wagering credit for money at  
3 the request of the wagerer.

4 5. Wagering shall not be conducted with money or other  
5 negotiable currency.

6 6. A person under the age of eighteen years shall not make  
7 a wager on an excursion gambling boat.

8 7. A licensee shall not conduct gambling games while the  
9 excursion gambling boat is docked unless it is temporarily  
10 docked for embarking or disembarking passengers, crew or  
11 supplies during the course of an excursion cruise, for  
12 mechanical problems, adverse weather, or other conditions  
13 adversely affecting safe navigation, during the duration of  
14 the problem or condition, or as authorized by the commission  
15 during off season.

16 Sec. 12. NEW SECTION. 99F.12 ADMISSION TAX -- TAX --  
17 FEES.

18 1. An owner of a gambling game operation on an excursion  
19 gambling boat licensed under section 99F.9 shall pay the tax  
20 imposed by section 99F.13.

21 2. An excursion boat licensee shall pay to the commission  
22 an admission tax for each person embarking on an excursion  
23 gambling boat with a ticket of admission. The admission tax  
24 shall be set by the commission.

25 a. If tickets are issued which are good for more than one  
26 excursion, the admission tax shall be paid for each person  
27 using the ticket on each excursion that the ticket is used.

28 b. If free passes or complimentary admission tickets are  
29 issued, the licensee shall pay the same tax upon these passes  
30 or complimentary tickets as if they were sold at the regular  
31 and usual admission rate.

32 c. However, the excursion boat licensee may issue tax-free  
33 passes to actual and necessary officials and employees of the  
34 licensee or other persons actually working on the excursion  
35 gambling boat.

1 d. The issuance of tax-free passes is subject to the rules  
2 of the commission, and a list of all persons to whom the tax-  
3 free passes are issued shall be filed with the commission.

4 3. In determining the license fees and admission taxes to  
5 be charged as provided under section 99F.6 and this section,  
6 the commission shall use the amount appropriated to the  
7 commission as the basis for the amount of revenue to be raised  
8 from the license fees and admission taxes.

9 4. No other license tax, permit tax, occupation tax, or  
10 excursion fee, shall be levied, assessed, or collected from a  
11 licensee by the state or by a political subdivision, except as  
12 provided in this chapter.

13 5. No other excise tax shall be levied, assessed, or  
14 collected from the licensee relating to gambling excursions or  
15 admission charges by the state or by a political subdivision,  
16 except as provided in this chapter.

17 Sec. 13. NEW SECTION. 99F.13 WAGERING TAX -- RATE --  
18 CREDIT.

19 1. A tax of ten percent is imposed on the adjusted gross  
20 receipts from gambling games authorized under this chapter.  
21 The tax imposed by this section shall be paid by the licensee  
22 to the treasurer of state within ten days after the close of  
23 the day when the wagers were made and shall be distributed as  
24 follows:

25 a. If the excursion gambling boat docks within a city, six  
26 and one-half percent of the adjusted gross receipts shall be  
27 deposited in a special account of the general fund of the  
28 state. One and one-half percent of the adjusted gross  
29 receipts shall be remitted to the treasurer of the city in  
30 which the excursion gambling boat docks and shall be deposited  
31 in a special account of the general fund of the city. One and  
32 one-half percent of the adjusted gross receipts shall be  
33 remitted to the treasurer of the county in which the excursion  
34 gambling boat docks and shall be deposited in a special  
35 account of the general fund of the county.

1     b. If an excursion gambling boat docks outside the  
2 corporate limits of a city, eight percent of the adjusted  
3 gross receipts shall be deposited in a special account of the  
4 general fund of the state. One and one-half percent of the  
5 adjusted gross receipts shall be remitted to the treasurer of  
6 the county in which the excursion gambling boat docks and  
7 shall be deposited in a special account of the general fund of  
8 the county.

9     c. If an excursion gambling boat docks in more than one  
10 city or county, each city or county involved shall receive an  
11 equal share of three percent of the adjusted gross receipts,  
12 and six and one-half percent of the adjusted gross receipts  
13 shall be credited to a special account in the general fund of  
14 the state.

15     d. One-half of one percent of the adjusted gross receipts  
16 shall be deposited in the gamblers assistance fund specified  
17 in section 99E.10, subsection 1, paragraph "a".

18     e. A city or a county which prohibits the docking of an  
19 excursion gambling boat under section 99F.11 shall not share  
20 in the tax revenue remitted directly to cities and counties  
21 under this section.

22     2. The tax revenue deposited in a special account of the  
23 general fund of the state under subsection 1, excluding the  
24 revenue remitted directly to cities and counties by the  
25 treasurer of state, shall be used, subject to appropriation of  
26 the general assembly, as follows:

27     a. Initially, the revenue received shall be used by the  
28 department of economic development to construct and develop  
29 visitor and tourist centers with computer links to provide  
30 information and reservation services at or near highway points  
31 of entry to this state. The funds allocated for construction  
32 and development are subject to matching funds from other  
33 public or private sources.

34     b. After the construction and development of the visitor  
35 and tourist centers, the revenue shall be used as follows:

1 (1) Twenty-five percent to the department of economic  
2 development for promotion and marketing of tourism.

3 (2) Twenty-five percent to the department of cultural  
4 affairs for projects of the historical division.

5 (3) Twenty-five percent to the department of cultural  
6 affairs for programs of the arts division.

7 (4) Twenty-five percent to the department of natural  
8 resources for conservation and recreation projects.

9 3. The tax revenue deposited in the special accounts of  
10 the general funds of cities shall be used as follows:

11 a. Seventy-five percent for acquisition of, and necessary  
12 improvements to, natural areas, green spaces, parks,  
13 recreational facilities, and historical heritage projects.

14 b. Twenty-five percent for cultural programs.

15 4. The tax revenue deposited in the special accounts of  
16 the general funds of counties shall be used as follows:

17 a. Seventy-five percent credited to the county  
18 conservation fund.

19 b. Twenty-five percent for historical heritage and cul-  
20 tural programs.

21 Sec. 14. NEW SECTION. 99F.14 LICENSEES -- RECORDS -- RE-  
22 PORTS -- SUPERVISION.

23 A licensee shall keep its books and records so as to  
24 clearly show the following:

25 1. The total number of admissions to gambling excursions  
26 conducted by it on each day, including the number of  
27 admissions upon free passes or complimentary tickets.

28 2. The amount received daily from admission fees.

29 3. The total amount of money wagered during each excursion  
30 day.

31 The licensee shall furnish to the commission reports and  
32 information as the commission may require with respect to its  
33 activities. The commission may designate a representative to  
34 board a licensed excursion gambling boat, who shall have full  
35 access to all places within the enclosure of the boat and who

1 shall supervise and check the admissions. The compensation of  
2 the representative shall be fixed by the commission but shall  
3 be paid by the licensee.

4 The books and records kept by a licensee as provided by  
5 this section are public records and the examination, publi-  
6 cation, and dissemination of the book and record are governed  
7 by the provisions of chapter 22.

8 Sec. 15. NEW SECTION. 99F.15 AUDIT OF LICENSEE  
9 OPERATIONS.

10 Within ninety days after the end of each month, the  
11 licensee shall transmit to the commission an audit of the  
12 financial transactions and condition of the licensee's  
13 operations conducted under this chapter. Additionally, within  
14 ninety days after the end of the licensee's fiscal year, the  
15 licensee shall transmit to the commission an audit of the  
16 financial transactions and condition of the licensee's total  
17 operations. All audits shall be conducted by certified public  
18 accountants registered in the state of Iowa under chapter 116.

19 Sec. 16. NEW SECTION. 99F.16 ANNUAL REPORT OF  
20 COMMISSION.

21 The commission shall make an annual report to the governor,  
22 for the period ending December 31 of each year. Included in  
23 the report shall be an account of the commission's actions,  
24 its financial position and results of operation under this  
25 chapter, the practical results attained under this chapter,  
26 and any recommendations for legislation which the commission  
27 deems advisable.

28 Sec. 17. NEW SECTION. 99F.17 PROHIBITED ACTIVITIES --  
29 PENALTY.

30 1. A person is guilty of an aggravated misdemeanor for  
31 doing any of the following:

32 a. Operating a gambling excursion where wagering is used  
33 or to be used without a license issued by the commission.

34 b. Operating a gambling excursion where wagering is  
35 permitted other than in the manner specified by section

1 99F.11.

2 c. Committing any other corrupt or fraudulent practice as  
3 defined by the commission in relation to an excursion gambling  
4 boat operation.

5 2. A person knowingly permitting a person under the age of  
6 eighteen years to make a wager is guilty of a simple  
7 misdemeanor.

8 3. A person wagering or accepting a wager at any location  
9 outside the excursion gambling boat is subject to the  
10 penalties in section 725.7.

11 4. A person commits a class "D" felony and, in addition,  
12 shall be barred for life from excursion gambling boats under  
13 the jurisdiction of the commission, if the person does any of  
14 the following:

15 a. Offers, promises, or gives anything of value or benefit  
16 to a person who is connected with an excursion gambling boat  
17 operator including, but not limited to, an officer or employee  
18 of a licensee or holder of an occupational license pursuant to  
19 an agreement or arrangement or with the intent that the  
20 promise or thing of value or benefit will influence the  
21 actions of the person to whom the offer, promise, or gift was  
22 made in order to affect or attempt to affect the outcome of a  
23 gambling game, or to influence official action of a member of  
24 the commission.

25 b. Solicits or knowingly accepts or receives a promise of  
26 anything of value or benefit while the person is connected  
27 with an excursion gambling boat including, but not limited to,  
28 an officer or employee of a licensee, or holder of an  
29 occupational license, pursuant to an understanding or  
30 arrangement or with the intent that the promise or thing of  
31 value or benefit will influence the actions of the person to  
32 affect or attempt to affect the outcome of a gambling game, or  
33 to influence official action of a member of the commission.

34 Sec. 18. NEW SECTION. 99F.18 FORFEITURE OF PROPERTY.

35 1. Anything of value, including all traceable proceeds

1 including but not limited to real and personal property,  
2 moneys, negotiable instruments, securities, and conveyances  
3 are subject to forfeiture to the state of Iowa if the item was  
4 used for any of the following:

5 a. In exchange for a bribe intended to affect the outcome  
6 of a gambling game.

7 b. In exchange for or to facilitate a violation of this  
8 chapter.

9 2. All moneys, coin, and currency found in close proximity  
10 of wagers, or of records of wagers are presumed forfeited.  
11 The burden of proof is upon the claimant of the property to  
12 rebut this presumption.

13 3. Subsections 1 and 2 do not apply if the act or omission  
14 which would give rise to the forfeiture was committed or  
15 omitted without the owner's knowledge or consent.

16 Sec. 19. Section 99B.6, Code 1987, is amended by adding  
17 the following new subsection:

18 NEW SUBSECTION. 7. Gambling games authorized under  
19 chapter 99F may be conducted on an excursion gambling boat  
20 which is licensed as an establishment that serves or sells  
21 alcoholic beverages, wine, or beer as defined in section 123.3  
22 if the gambling games are conducted pursuant to chapter 99F  
23 and rules adopted under chapter 99F.

24 Sec. 20. Section 99B.6, subsection 1, unnumbered paragraph  
25 1, Code 1987, is amended to read as follows:

26 Except as provided in subsections 5, and 6, or 7, gambling  
27 is unlawful on premises for which a class "A", class "B",  
28 class "C", or class "D" liquor control license, or class "B"  
29 beer permit has been issued pursuant to chapter 123 unless all  
30 of the following are complied with:

31 Sec. 21. Section 99B.15, Code 1987, is amended to read as  
32 follows:

33 99B.15 APPLICABILITY OF CHAPTER.

34 It is the intent and purpose of this chapter to authorize  
35 gambling in this state only to the extent specifically

1 permitted by a section of this chapter or chapter 99D, ~~or~~ 99E  
2 or 99F. Except as otherwise provided in this chapter, the  
3 knowing failure of any person to comply with the limitations  
4 imposed by this chapter constitutes unlawful gambling, a  
5 serious misdemeanor.

6 Sec. 22. Section 123.49, subsection 2, paragraph a, Code  
7 1987, is amended to read as follows:

8 a. Knowingly permit any gambling, except in accordance  
9 with chapter 99B, ~~or~~ 99E, or 99F, or knowingly permit  
10 solicitation for immoral purposes, or immoral or disorderly  
11 conduct on the premises covered by the license or permit.

12 Sec. 23. Section 725.13, Code 1987, is amended to read as  
13 follows:

14 725.13 "BOOKMAKING" DEFINED.

15 "Bookmaking" means advancing gambling activity by accepting  
16 bets upon the outcome of future contingent events as a  
17 business other than as permitted in chapters 99B, and 99D, and  
18 99F. These events include, but are not limited to, the  
19 results of a trial or contest of skill, speed, power, or  
20 endurance of a person or beast or between persons, beasts,  
21 fowl, motor vehicles, or mechanical apparatus or upon the  
22 result of any chance, casualty, unknown, or contingent event.

23 Sec. 24. Section 725.15, Code 1987, is amended to read as  
24 follows:

25 725.15 EXCEPTIONS FOR LEGAL GAMBLING.

26 Sections 725.5 to 725.10 and 725.12 do not apply to a game,  
27 activity, ticket, share or device when lawfully possessed,  
28 used, conducted or participated in pursuant to section 28.113,  
29 chapter 99B, ~~or~~ chapter 99E, or 99F.

30 Sec. 25. TRANSFER OF POWERS AND DUTIES -- TRANSITION.

31 1. The terms of office of the members of the excursion  
32 gambling boat commission serving as members of that commission  
33 on April 30, 1990, are extended until July 1, 1990, on which  
34 date the excursion gambling boat commission is abolished, the  
35 terms of office of its members shall expire, and the powers

1 and duties of the commission are transferred to the state  
2 racing commission.

3 2. Rules adopted, orders issued, and actions taken by the  
4 excursion gambling boat commission before July 1, 1990, remain  
5 effective until amended or rescinded by the state racing  
6 commission unless the rules, orders, or actions are  
7 irreconcilable with state law.

8 3. All employees of the excursion gambling boat commission  
9 are transferred to the gaming division of the department of  
10 commerce effective July 1, 1990. The personnel commission of  
11 the department of personnel shall promulgate rules to carry  
12 out the transfer. The employment appeal board shall arbitrate  
13 and decide any written appeal made by any employee concerning  
14 any transfer, reassignment, or reclassification made necessary  
15 by this transfer of powers and duties. An employee shall not  
16 lose any benefit accrued, including but not limited to,  
17 salary, retirement, vacation, sick leave, or longevity because  
18 of transfer under this section.

19 Sec. 26. REPEALER.

20 Section 4 of this Act is repealed effective July 1, 1990.

21 Sec. 27. Sections 1 through 18 create a new chapter 99F.

22 EXPLANATION

23 This bill authorizes limited gambling on excursion gambling  
24 boats under the supervision of an excursion gambling boat  
25 commission. The commission has five members appointed by the  
26 governor for three-year terms subject to senate confirmation  
27 with powers and duties similar in scope to the state racing  
28 commission under chapter 99D. After three years, the  
29 excursion gambling boat commission is abolished and the powers  
30 and duties are transferred to the state racing commission.  
31 Gambling under this chapter is limited to eight excursion  
32 boats located on the Mississippi and Missouri rivers and one  
33 each on the following lakes and reservoirs: Lake Okoboji,  
34 Spirit Lake, Clear Lake, Saylorville Reservoir, Red Rock  
35 Reservoir, Rathbun Lake and Storm Lake.

1 Gambling games will include twenty-one, slot machines,  
2 video games of chance, and other forms of gambling  
3 specifically listed in section 725.9 and authorized by the  
4 commission. Wagers are limited to five dollars per play and a  
5 maximum loss of two hundred per excursion. A cashless system  
6 must be used for actual wagers. The operators of excursion  
7 gambling boats and certain occupations related to the gambling  
8 are subject to background checks and licensing. The fees for  
9 occupational licenses are set by the commission. The fees for  
10 excursion gambling boat licenses are based on the passenger-  
11 carrying capacity of the boat -- five dollars annually per  
12 person capacity.

13 Gambling is legal only during an excursion cruise during  
14 the excursion season as determined by the commission during  
15 the months of April through November. If an operator operates  
16 at least a minimum number of gambling excursions during the  
17 excursion season, gambling is authorized also while docked  
18 during the off season from December through March subject to  
19 rules of the commission.

20 A tax of ten percent is imposed on the adjusted gross  
21 receipts from wagering. One-half of one percent of the  
22 adjusted gross receipts is allocated for treatment of habitual  
23 gamblers; six and one-half percent of the adjusted gross  
24 receipts is allocated initially for development of visitor and  
25 tourist centers and, thereafter, to special accounts in the  
26 general fund of the state (one-fourth to each) for tourism  
27 promotion, historical projects, recreation and conservation  
28 projects, and art and cultural affairs projects; and three  
29 percent of the gross sum wagered is allocated to cities and  
30 counties for recreation, conservation, historical and cultural  
31 projects.

32 A city or county may enact ordinances prohibiting the  
33 docking of excursion gambling boats within its jurisdiction.

34 Penalties are provided for violations of this bill and  
35 rules adopted by the commission.