

ARC 3920C

INSPECTIONS AND APPEALS DEPARTMENT[481]

Notice of Intended Action

Proposing rule making related to bingo and providing an opportunity for public comment

The Inspections and Appeals Department hereby proposes to amend Chapter 103, “Bingo,” Iowa Administrative Code.

Legal Authority for Rule Making

This rule making is proposed under the authority provided in Iowa Code section 99B.2.

State or Federal Law Implemented

This rule making implements, in whole or in part, Iowa Code section 99B.2.

Purpose and Summary

The proposed amendments implement changes made to Iowa Code chapter 99B resulting from 2015 Iowa Acts, Senate File 482. The legislation modernized Iowa Code chapter 99B by streamlining processes and eliminating unnecessary licenses. Cross references in this rule making to rules in 481—Chapter 100 refer to the proposed rules published in **ARC 3919C** (IAB 8/1/18).

Fiscal Impact

This rule making has no fiscal impact to the State of Iowa.

Jobs Impact

After analysis and review of this rule making, no impact on jobs has been found.

Waivers

Any person who believes that the application of the discretionary provisions of this rule making would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any, pursuant to 481—Chapter 6.

Public Comment

Any interested person may submit written comments concerning this proposed rule making. Written comments in response to this rule making must be received by the Department no later than 4:30 p.m. on August 21, 2018. Comments should be directed to:

David Werning
Iowa Department of Inspections and Appeals
Lucas State Office Building
321 East 12th Street
Des Moines, Iowa 50319-0083
Email: david.werning@dia.iowa.gov

Public Hearing

No public hearing is scheduled at this time. As provided in Iowa Code section 17A.4(1)“b,” an oral presentation regarding this rule making may be demanded by 25 interested persons, a governmental

subdivision, the Administrative Rules Review Committee, an agency, or an association having 25 or more members.

Review by Administrative Rules Review Committee

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rule making by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rule making at its [regular monthly meeting](#) or at a special meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

The following rule-making actions are proposed:

ITEM 1. Rescind rule 481—103.1(10A,99B) and adopt the following new rule in lieu thereof:

481—103.1(99B) Definitions. In addition to definitions found in Iowa Code chapter 99B and in rule 481—100.1(99B), the following definitions apply to all qualified organizations where bingo is played.

“*Cash*” means any legal tender of the United States.

“*Category*” means the name given to a particular type of playing face to distinguish one from another.

“*Limited license*” means a 14-day license issued only to a qualified organization. There are no limits on the number of games played or occasions held, except that only two bingo occasions may be held during the period of 14 days, with no limit on the number of bingo games or the number of hours played during each designated bingo day.

“*Playing face*” means the grid on which a player marks numbers and letters called as the game progresses.

ITEM 2. Rescind rule 481—103.2(10A,99B) and adopt the following new rule in lieu thereof:

481—103.2(99B) License.

103.2(1) License required—exception. A license is required in order to conduct a bingo occasion unless all of the following requirements are met:

a. Participants in the bingo occasion are not charged to enter the premises where bingo is conducted.

b. Participants in the bingo occasion are not charged to play.

c. Any prize awarded at the bingo occasion is donated.

d. The bingo occasion is conducted as an activity and not for fundraising purposes.

103.2(2) Location. Bingo occasions are restricted to the location for which application is made by the qualified organization and approved by the department. For good cause, a license may be transferred to a different location only after written notice by the licensee and approval by the department. “Good cause,” for purposes of this subrule, may include flood, fire or other natural disasters; sale of the building; or nonrenewal of lease.

103.2(3) Application. Before any organization may conduct bingo, a license application must be approved by the department. Application and license requirements are found in rules 481—100.3(99B), 481—100.4(99B), and 481—100.5(99B).

103.2(4) Examples. The following are examples of circumstances affecting whether a license is granted.

a. Qualified organization X applies for and is issued a two-year license to conduct bingo occasions at 313 Cherry Street, Des Moines, Iowa. The license is effective from August 1, 2017, to July 31, 2019. On October 1, 2017, qualified organization Y applies for a 14-day limited license to conduct bingo at the same location. The license is approved and issued because a limited license can be issued for the same location used for a two-year bingo license.

b. Qualified organization ABC applies for and is issued a two-year qualified organization license to conduct bingo at 1002 West 2nd Avenue in Jones Town, Iowa. The license is effective from October 1,

2017, to September 30, 2019. On November 15, 2017, qualified organization EFG applies for a two-year qualified organization license for the same location. A license may be issued to organization EFG for the same location during the same period to conduct any games of chance, games of skill or raffles. Organization EFG shall not conduct bingo at the location.

c. Hometown Community School applies for and is issued a two-year qualified organization license to conduct games of skill, games of chance and raffles at the grade school building. The license is effective from September 1, 2017, to August 31, 2019. During the time that the Hometown Community School license is in effect, the school-sponsored pep club applies for a 14-day limited license to conduct games of skill at the grade school building. The school-sponsored pep club may be issued a limited license for the same location during the same time. Under this example, the school-sponsored pep club would not be required to obtain a separate license, because school-affiliated organizations may operate separate events under a school's two-year license.

ITEM 3. Rescind rule 481—103.3(99B) and adopt the following new rule in lieu thereof:

481—103.3(99B) Bingo occasion. A qualified organization may conduct only 3 bingo occasions per week, but not more than 15 occasions per month, under a two-year qualified organization license. A week starts on Sunday and ends on Saturday. At the end of each occasion, the person conducting the games shall announce both the gross receipts and the use to which the net receipts will be dedicated and distributed.

ITEM 4. Amend rule 481—103.4(99B), introductory paragraph, as follows:

481—103.4(99B) Game of bingo. Each game shall meet all of the requirements of the definition of "bingo" in Iowa Code section 99B.1(5) 99B.1(4) to be a legal game of bingo. Games ordinarily considered bingo may be played.

ITEM 5. Amend paragraph **103.4(1)"f"** as follows:

f. ~~House rules~~ Rules established by the licensee may require that a player have the last number called for a bingo. If not posted in the ~~house rules~~ established by the licensee, the player is not required to have the last number called.

ITEM 6. Amend subrule 103.4(3) as follows:

103.4(3) The cost to play each game shall not exceed \$5. Cards or games may be sold only within the premises of the bingo occasion. The cost for each packet, playing face, or tear sheet shall be the same for each participant, i.e., the cost for an opportunity to play shall be equal. Players may pay for games with cash ~~or, at the option of the licensee, checks, personal check, money order, bank check, cashier's check, electronic check, or debit card.~~

- a. All cards or games shall be assigned a price.
- b. The price shall be posted. Cards may be sold only for the posted price.
- c. Free games shall not be given. Free games include gift cards redeemable for games. This paragraph does not prohibit giving free concession items such as food, beverages or daubers.
- d. ~~Bingo games allowing for a trade-in of a bingo card during a bingo game for not more than fifty cents per trade-in may be allowed.~~

ITEM 7. Rescind the implementation sentence in rule **481—103.4(99B)**.

ITEM 8. Amend rule 481—103.5(99B) as follows:

481—103.5(99B) State rules and house rules established by the licensee. Iowa administrative rules and specific house rules established by the licensee must be readily available to every bingo player. The ~~house has discretion regarding reserved seating and age restrictions for children to play, but must post such restrictions in the house rules.~~

103.5(1) A copy of these rules, 481—Chapter 103, "Bingo," shall be maintained at every bingo location during every bingo occasion. Bingo players who request it shall have the opportunity to read the administrative rules.

103.5(2) House rules Rules established by the licensee shall be posted on a sign near the front of the playing area.

a. The sign shall be at least 30 inches by 30 inches.

b. Permanent letters 3 inches high shall proclaim "Rules of the Game."

c. a. Rules shall be in large, easily readable print and shall include:

(1) The name and mailing address of the licensee;

(2) Prices to play; and

(3) **House rules** Rules established by the licensee for the game.

4. b. **House rules** Rules established by the licensee shall include how to indicate "bingo" to halt the game, how to collect a prize, and how the licensee will verify winners' names and addresses.

2. Reserved seating may be observed if the house so chooses and posts the information.

3. People of any age are allowed to play bingo. The house may choose to restrict children of certain ages, as long as the restriction is posted in the house rules.

c. Rules established by the licensee may include rules related to reserved seating and age restrictions for children to play.

103.5(3) The following information shall be correctly posted before the beginning of each bingo occasion and shall not be changed after the bingo occasion begins:

a. Description of each game to be played;

b. Price of each game;

c. Prize for each game or method for determining the prize for each game; and

d. Jackpot rules, if any.

EXAMPLE: Single bingo \$1 per game, \$50 payout.

This rule is intended to implement Iowa Code section 99B.1(24).

ITEM 9. Amend rule 481—103.6(99B), introductory paragraph, as follows:

481—103.6(99B) Prizes. Cash or merchandise prizes awarded for each game shall not exceed \$100 \$250 in value. Jackpot games are excepted and are governed by standards in subrule 103.6(5). The exact amount of the prize shall be announced before the beginning of each game.

ITEM 10. Amend subrule 103.6(2) as follows:

103.6(2) Prizes awarded in games with more than one winner shall be shared equally. It is permissible to round up or down, provided doing so does not exceed the maximum payout for that particular game.

Examples of prizes awarded in games with more than one winner:

1. Two winners with a total of three bingos: Player 1 has two bingos in separate squares, and Player 2 has one bingo in one square. Player 1 receives 2/3 of the prize, and Player 2 receives 1/3 of the prize.

2. Multiple winners equally splitting a prize with rounding to the nearest dollar: Six players all win the single \$100 \$250 prize. The appropriate payout is \$16.66 \$41.66 each, but rounding to the nearest dollar (\$17 \$42) for each winner would result in a payout of \$102 \$252, in violation of the maximum payout for a nonjackpot bingo game.

ITEM 11. Amend subrule 103.6(4) as follows:

103.6(4) A player shall not be required to return cash or a merchandise prize won in one game in order to play a subsequent game. Players shall not be required to play in one game in order to play in a subsequent game.

ITEM 12. Amend paragraph **103.6(5)"b"** as follows:

b. The jackpot starting prize shall not exceed \$300 \$500 in cash or actual retail value of merchandise.

ITEM 13. Amend paragraph **103.6(5)"e"** as follows:

e. If a jackpot is not won in the specified number of calls, the game reverts to a regular game with a prize of \$100 \$250 or less.

ITEM 14. Amend paragraph **103.6(5)"f"** as follows:

f. Each jackpot game shall begin again at no more than \$300 \$500.

ITEM 15. Amend rule **481—103.6(99B)**, implementation sentence, as follows:

This rule is intended to implement Iowa Code sections 99B.7(1), 99B.21, 422.16 and 717D.2.

ITEM 16. Amend rule 481—103.7(10A,99B) as follows:

481—103.7(10A,99B) Workers.

103.7(1) Each organization must have a responsible party listed on the application. The responsible party must be an active member of the organization and should be familiar with the requirements of the Iowa law and be aware of the bingo activities of the organization.

103.7(2) Volunteers must be actively participating members of the licensed organization or must participate in an organization to which money will be dedicated.

103.7(3) Rescinded IAB 7/24/02, effective 7/5/02.

103.7(4) 103.7(3) Paid workers shall not play during a bingo occasion in which they work. Persons conducting bingo shall not play during any bingo occasion conducted by the qualified organization for which they work. A person conducting bingo includes: persons overseeing the bingo games, persons controlling and accounting for the bingo occasion's net receipts, persons directing the work of bingo workers, and any persons having management or oversight responsibilities.

103.7(5) 103.7(4) The following people shall not work during a bingo occasion:

a. The lessor of the building; or A person receiving rent for a bingo location, either directly or indirectly, shall not be involved in, participate in, or be associated with the operation of bingo games.

b. **103.7(5)** Anyone who sells bingo equipment or supplies to that a bingo licensee shall not work for that licensee during a bingo occasion.

This rule is intended to implement Iowa Code section 99B.7(1) "b."

ITEM 17. Amend rule 481—103.8(99B), introductory paragraph, as follows:

481—103.8(99B) Expenses. Expenses incurred exclusively and directly as a result of bingo shall not exceed 25 40 percent of net receipts. Reasonable expenses within the 25 40 percent limit are:

ITEM 18. Rescind the implementation sentence in rule **481—103.8(99B)**.

ITEM 19. Amend rule 481—103.9(99B) as follows:

481—103.9(99B) Location. Bingo occasions may be conducted on premises either owned or leased by the qualified organization.

1. to 8. No change.

9. Only one licensed qualified organization may hold conduct bingo occasions at a location within the same structure or building. However, the following exception applies: A 14-day limited licensee may hold bingo occasions at the same location.

This rule is intended to implement Iowa Code section 99B.7.

ITEM 20. Rescind the implementation sentence in rule **481—103.12(10A,99B)**.

ITEM 21. Rescind subrule 103.13(3) and adopt the following new subrule in lieu thereof:

103.13(3) Records of expenses and dedicated and distributed money are required.

a. The following information shall be retained for all payments:

- (1) Date of payment.
- (2) Payee.
- (3) Amount of payment.
- (4) Purpose of payment.

b. For checks, the purpose of payment shall be recorded on the memo line of the check.

ITEM 22. Rescind the implementation sentence in rule **481—103.13(99B)**.

ITEM 23. Amend rule 481—103.14(10A,99B) as follows:

481—103.14(10A,99B) Bingo checking account. A qualified organization whose bingo occasions exceed \$10,000 in annual gross receipts shall maintain a separate bingo checking account. The checking account shall be established within one day of attaining \$10,000.

103.14(1) Bingo receipts, less the amount awarded as cash prizes, shall be deposited in the bingo checking account on the same or the next business day after the occasion. Other funds shall not be deposited in the bingo account. Interest earned on deposits in a bingo checking or savings account shall be treated the same as proceeds of bingo occasions.

EXCEPTION: Limited funds of the organization may be deposited to pay initial or unexpected emergency expenses. The amount of nonbingo funds deposited in the bingo account shall not exceed \$7500. Records shall be kept which identify this money.

103.14(2) Funds from bingo accounts shall be withdrawn by check. Checks shall be preprinted.

- a. The following information shall be printed on the face of the check:
 - (1) Organization name,
 - (2) Consecutive numbers,
 - (3) The words "bingo account," and
 - (4) The organization's gambling license number.

The nature of the payment is to be written on the face of each check or share draft as it is drawn. Each check shall be made payable to a person or an organization and be signed by an authorized representative of the licensee. A check shall not be made payable to "cash," "bearer," or any fictitious payee. Table G¹ shows a sample check.

b. All checks, including void and voided checks, shall be kept and accounted for.

103.14(3) Checks may be drawn on the bingo account for only the following purposes:

- a. To pay necessary and reasonable expenses incurred in connection with bingo. Wages must be paid by check.
- b. To disburse net proceeds of bingo for qualified purposes as required by law.
- c. To transfer proceeds from a bingo checking account to a bingo savings account pending disbursement for a qualified purpose.
- d. To withdraw initial or emergency funds deposited in the account.
- e. To pay prizes.

103.14(2) Payments shall be paid from the bingo account in accordance with the requirements of Iowa Code section 99B.21. Wages shall not be paid by cash.

103.14(4) 103.14(3) A check shall be drawn on the The bingo account in shall be used for both of the following events:

- a. One qualified organization satisfies the dedication requirement by donating funds to another organization over which the licensed organization has no control; or
- b. A qualified organization licensee is satisfying the dedication requirement by spending funds to further the charitable, educational, religious, public, patriotic or civic purposes of its own organization.

103.14(5) 103.14(4) A qualified organization licensee shall not transfer funds from the bingo checking account to any other checking account of the organization.

A flowchart for a bingo checking account is shown on Table H¹.

This rule is intended to implement Iowa Code sections 99B.2(3) and 99B.7(1) "p."

ITEM 24. Rescind the implementation sentence in rule **481—103.15(10A,99B)**.

ITEM 25. Amend rule 481—103.16(10A,99B) as follows:

481—103.16(10A,99B) Reports Annual gambling reports.

103.16(1) Each organization which conducts bingo shall submit a report of all transactions for each fiscal year. The fiscal year begins July 1 and ends June 30 of the following year to the department by

January 31 of each year for the prior calendar year period of January 1 through December 31. When the due date is on Saturday, Sunday, or a legal holiday, the report is due the next business day.

103.16(2) Annual gambling reports may be completed online by visiting <http://dia.iowa.gov/dia.iowa.gov> and clicking on the link for “Social and Charitable Gambling.” A paper version of the annual gambling report may be obtained from the Social and Charitable Gambling Unit, Iowa Department of Inspections and Appeals, Lucas State Office Building, Des Moines, Iowa 50319-0083; or by telephone (515)281-6840 (515)281-6848.

103.16(3) Reports are due 30 days after the end of the fiscal year. When the due date is on Saturday, Sunday, or a legal holiday, the report is due the next business day.

103.16(4) 103.16(3) The department may require a qualified organization to submit records of specific occasions with the annual report.

103.16(5) 103.16(4) All transactions of any school group or parent support group using a schoolwide license shall be on the annual report.

This rule is intended to implement Iowa Code sections 99B.2(4) and 99B.16.

ITEM 26. Rescind the implementation sentence in rule **481—103.17(10A,99B)**.

ITEM 27. Rescind rule **481—103.18(10A,99B)**.

ITEM 28. Rerun rule **481—103.19(99B)** as **481—103.18(99B)**.

ITEM 29. Amend renumbered subrule 103.18(1) as follows:

103.18(1) A qualified organization may lease electronic bingo equipment from a manufacturer or distributor licensed by the department. For purposes of this rule, “electronic bingo equipment” means an electronic device that aids assists an individual with a disability in the use of a bingo card during a bingo game.

ITEM 30. Amend renumbered rule **481—103.18(99B)**, implementation sentence, as follows:

This rule is intended to implement Iowa Code section 99B.7(8)“b.” 99B.21(3)“b.”

ITEM 31. Adopt the following new rule 481—103.19(99B):

481—103.19(99B) Bingo at a fair or community festival. Bingo may lawfully be conducted at a fair or a community festival if the requirements of Iowa Code section 99B.22 are met. A qualified organization that has received permission from the sponsor of the fair or community festival to conduct bingo shall be licensed under Iowa Code section 99B.12.

ITEM 32. Adopt the following new implementation sentence in **481—Chapter 103**:

These rules are intended to implement Iowa Code sections 99B.1 to 99B.7, 99B.11 to 99B.16, 99B.21 to 99B.23, and 99B.32.

ITEM 33. Rescind and reserve **481—Chapter 103**, Table E.

ITEM 34. Rescind and reserve **481—Chapter 103**, Table G.