Regulatory Analysis

Notice of Intended Action to be published: 481—Chapter 104
"General Provisions for All Amusement Devices"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 99B.2

State or federal law(s) implemented by the rulemaking: Iowa Code chapter 99B and Executive Order 10

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

October 22, 2025 8:30 a.m.	Ledges Conference Room 6200 Park Avenue, Suite 100 Des Moines, Iowa

Information on virtual participation will be available on the Department of Inspections, Appeals, and Licensing's website prior to the hearing.

Public Comment

Any interested person may submit written or oral comments concerning this Regulatory Analysis, which must be received by the Department no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

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Purpose and Summary

This proposed rulemaking repromulgates Chapter 104 and implements Iowa Code section 99B.2 in accordance with the goals and directives of Executive Order 10. Iowa Code section 99B.2 provides that the Department may adopt rules to carry out the provisions of the chapter and may include descriptions of books, records and accounting requirements; methods of displaying costs and explanations of games and rules; and definitions of unfair or dishonest games, acts or practices.

This rulemaking implements the aforementioned Iowa Code section by setting forth standards for devices and the prizes that can be issued. The rulemaking further sets forth games and devices that are not allowed. Finally, the rulemaking sets forth that registration is required and explains the potential violations for failure to comply.

Analysis of Impact

1. **Persons affected by the proposed rulemaking:**

- **Classes of persons that will bear the costs of the proposed rulemaking:**

Costs of the proposed rulemaking are borne by members of the industry to operate in compliance with the standards and by potentially forfeiting property for violations. The registration costs for the devices are set forth statutorily.

- **Classes of persons that will benefit from the proposed rulemaking:**

The individuals who play on amusement devices will benefit from the rulemaking because the rules ensure that the devices are fair and honest. The industry will benefit from standards that are clear and easily understood.

2. **Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:**

- **Quantitative description of impact:**

The costs associated with the rulemaking are those that are necessary to ensure that the amusement device complies with the standards in Iowa Code chapter 99B and the rulemaking. Further costs include costs for prizes. The registration fee is set forth in Iowa Code section 99B.53.

- **Qualitative description of impact:**

The rulemaking promotes fair play and transparency with amusement devices and that there are no unfair or dishonest devices or practices.

3. **Costs to the State:**

- **Implementation and enforcement costs borne by the agency or any other agency:**

Costs to the Department include costs to administer this chapter, including costs to issue registrations, educate registrants, investigate complaints and enforce regulations. These types of registrations account for a small percentage of registrations or licenses issued by the Health and Safety Division. These costs are statutorily required to achieve the goals of Iowa Code chapter 99B.

- **Anticipated effect on State revenues:**

There is no anticipated effect on State revenues.

4. **Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:**

There are no specific financial costs to implement or enforce this rulemaking outside of any costs associated with the Department's statutory duties identified. The costs of this rulemaking are directly associated with the Department's general functions. This rulemaking does not add to the costs of the Department or public in excess of general functions. The benefits include clear and consistent implementation of applicable Iowa Code provisions.

5. **Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:**

There are no less costly or intrusive methods for achieving the purpose of the proposed rulemaking. The registration fees are set by statute. Other states, including Idaho, Illinois, Missouri and Tennessee, regulate amusement devices. Nebraska requires manufacturers of amusement devices to pay a licensing fee of $5,000 and $100 per device up to $5,000 for distributors.

6. **Alternative methods considered by the agency:**

- **Description of any alternative methods that were seriously considered by the agency:**

See the response to section 5 above.

- **Reasons why alternative methods were rejected in favor of the proposed rulemaking:**

See the response to section 5 above.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.
- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.

- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

Iowa Code chapter 99B does not allow for exemptions or different standards for small businesses. The statutory fees are the same no matter the size of the business. The necessity for consistency and fairness in amusement devices is the same whether the organization is small or large. Notwithstanding, if a small business identifies a portion of the rulemaking that is overly burdensome and the goals of which can be accomplished in a manner that would reduce the impact of the rulemaking to the organization, the Department's established waiver process could be utilized.

Text of Proposed Rulemaking

ITEM 1. Rescind 481—Chapter 104 and adopt the following **new** chapter in lieu thereof:

CHAPTER 104
GENERAL PROVISIONS FOR ALL AMUSEMENT DEVICES

481—104.1(10A,99B) Definitions. Definitions in rules 481—100.1(10A,99B) and 481—105.1(10A,99B) are incorporated by reference in this chapter, along with the following definitions:

"Amusement device" means the same as defined in Iowa Code section 99B.1(2). An amusement device is not a device that plays poker, blackjack, roulette, or keno. Devices specified in Iowa Code section 725.9 as gambling devices are not amusement devices.

"Gambling device" means the same as defined in Iowa Code section 725.9(2) and does not include devices that do not comply with Iowa Code chapter 99B.

"Knock-off switch" means a mechanism or other method that releases free games or credits accumulated toward the award of merchandise.

"Prize" means a ticket(s) or token(s) that is dispensed by an amusement device as an award for use.

"Progressive games" means games in which the value of the prizes increases an incremental amount with each game.

"Slot machine" means a mechanical, electronic, or video gambling device into which a player deposits coins, tokens or currency and from which certain credits, tickets, tokens or coins are paid out when a particular, random configuration of symbols appears on the reels, simulated reels, or screen of the device. The slot machine may have a lever, buttons, or other means to activate or stop the play.

481—104.2(99B) Device restrictions. All amusement devices shall comply with Iowa Code section 99B.52 and the following:

104.2(1) The device will be electrical, which includes both electronic and video, or mechanical, or a combination of both.

104.2(2) The device will not be designed or adapted to issue or pay coins or currency.

104.2(3) The device may be designed or adapted to award merchandise or tickets or tokens redeemable for merchandise.

104.2(4) The device may be designed or adapted to issue tickets or tokens except tickets or tokens that may be used to play any device or game.

104.2(5) The device will not have a knock-off switch. Credits may be released by the insertion of coins, currency, or tokens to activate a new game. Free games may only be utilized for playing the device and not released in any other manner.

104.2(6) The device will be designed or adapted to accept only coins, currency, or tokens to play the game.

481—104.3(99B) Prohibited games/devices.

104.3(1) The following games or devices are not permitted:

a. Gambling games permitted in Iowa Code chapter 99F.

b. Any machine that does not conform to the requirements in these rules or Iowa Code chapter 99B.

c. Any machine designed like or resembling a machine that is normally used for casino-type gambling.

d. Amusement devices designed or adapted to facilitate gambling.

e. Progressive games.

104.3(2) This rule does not prohibit the possession of antique slot machines when possessed pursuant to Iowa Code chapter 725.

481—104.4(99B) Prizes. Prizes not to exceed a retail value of $50 per play or game may be awarded for use of an amusement device.

104.4(1) Merchandise with a retail value of no more than $50 per transaction may be awarded.

104.4(2) One or more free games may be awarded by the device.

104.4(3) If the device is designed or adapted to issue tickets or tokens, the following shall apply:

a. Tickets or tokens will not be used to purchase or play a game.

b. Tickets or tokens will not be redeemed for coins or currency.

c. Tickets or tokens may be redeemed for merchandise.

d. Tickets or tokens may be accumulated to the maximum allowable prize limit per play or game to purchase merchandise.

e. Tickets or tokens may be redeemed for food and beverage.

f. If the entire amount of the ticket or token issued by the amusement device is not redeemed for merchandise, the balance will not be redeemed for cash.

g. Tickets or tokens will only be redeemed on the premises where the amusement device is located and only for merchandise sold in the normal course of business on the premises.

104.4(4) Merchandise prizes shall not be repurchased.

481—104.5(99B) Registration. An amusement device must be registered in compliance with Iowa Code section 99B.53. Registration is required if chance plays a role equal to or greater than the players' skill or knowledge in determining the outcome of the game. Additional licenses or registrations under Iowa Code chapter 99B are not required.

481—104.6(99B) Violations.

104.6(1) Failure to comply with the limitations imposed on the use and possession of amusement devices in Iowa Code chapter 99B constitutes unlawful gambling, which may result in the following consequences:

a. Conviction for illegal gambling under the provisions of Iowa Code chapter 725.

b. Forfeiture of property under the provisions of Iowa Code chapter 809.

104.6(2) Additional consequences apply for registered amusement devices pursuant to 481—Chapter 105.

481—104.7(99B,17A) Declaratory orders. In addition to the requirements for declaratory orders found in 481—Chapter 3, parties seeking a declaratory order shall file with their petition a written evaluation of the game by an independent gaming laboratory approved by the department.

104.7(1) *Approved by the department.* "Approved by the department" means that the gaming laboratory has submitted its qualifications in writing to the director for review and approval in writing by the director or the director's designee.

104.7(2) *Written evaluation—requirements.* The independent gaming laboratory's evaluation must analyze whether chance plays a role equal to or greater than the players' skill or knowledge in determining the outcome of the game. "Outcome of the game" includes both whether the player correctly solves the puzzle and what prize is awarded.

These rules are intended to implement Iowa Code sections 99B.1, 99B.2, and 99B.51 through 99B.58.