

CHAPTER 1220
GAMES OF CHANCE AND SKILL

H.F. 2015

AN ACT relating to the holding of games of skill, chance, and raffles including bingo and providing penalties.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. **NEW SECTION. 99B.9A EXCEPTIONS FOR CERTAIN AREAS.** The department may, at its discretion, allow a qualified organization under section 99B.7 to hold a game of bingo in a building where another qualified organization also holds a game of bingo or where the building is adjacent, but not intraconnected, with an establishment holding a liquor license and the building is located in a municipality of a recorded census of less than two thousand people and the municipality is not located adjacent to another municipality.

Sec. 2. **NEW SECTION. 99B.20 DIVISION OF CRIMINAL INVESTIGATION.** The division of criminal investigation of the department of public safety may investigate to determine licensee compliance with the requirements of this chapter. Investigations may be conducted either on the division's own initiative or at the request of the department. The division and the department shall cooperate to the maximum extent possible on an investigation.

Sec. 3. Section 99B.1, subsections 3 and 6, Code 1983, are amended to read as follows:

3. "Raffle" means a lottery in which each participant buys a ticket for a chance at a prize with the winner determined by a random method and the winner is not required to be present to win. "Raffle" does not include a slot machine.

6. "Net receipts" means gross receipts less amounts awarded as prizes and state sales tax paid upon the gross receipts. Reasonable expenses, charges, fees, taxes other than the state sales tax, and deductions allowed by the department of revenue shall not exceed twenty-five percent of net receipts.

Sec. 4. Section 99B.2, Code 1983, is amended to read as follows:

99B.2 LICENSING—RECORDS REQUIRED.

1. The department is the agency responsible for issuing any a license required by this chapter. A license shall not be issued, except upon submission to the department of an application on forms furnished by the department, and the required license fee. A license may be issued to any applicant who is an eligible applicant. However, a license shall not be issued to an applicant who has been convicted of or pled guilty to a violation of this chapter, or who has been convicted of or pled guilty to a violation of chapter 123 that resulted, at any time, in revocation of a license issued to the applicant under chapter 123 or that resulted, within the twelve months preceding the date of application for a license required by this chapter, in suspension of a license issued under chapter 123. To be eligible for a two year license under section 99B.7, an organization shall have been in existence at least five years prior to the date of issuance of the license. A license also shall not be issued for a location for which a previous license issued under this chapter or chapter 123 has been revoked within the preceding two years. Except as otherwise provided in this chapter, a license is valid for a period of two years

from the date of issue. The license fee is not refundable, but shall be returned to the applicant if an application is not approved. When a bingo license has been issued by the department the licensee shall be notified by the department of the renewal date for the license ten days prior to that date.

2. A licensee other than one issued a license pursuant to section 99B.6 or section 99B.9 shall maintain proper books of account and records showing in addition to any other information required by the department, gross receipts and the amount of the gross receipts taxes collected or accrued with respect to gambling activities, all expenses, charges, fees and other deductions, and the cash amounts, or the cost to the licensee of goods or other noncash valuables, distributed to participants in the licensed activity. If the licensee is a qualified organization, the amounts dedicated and the date and name and address of each person to whom distributed also shall be kept in the books and records. The books of account and records shall be made available to the department or a law enforcement agency for inspection at reasonable times, with or without notice. A failure to permit inspection is a serious misdemeanor.

3. A qualified organization conducting bingo occasions under a two year license and expecting to have annual gross receipts of more than ten thousand dollars shall establish and maintain one regular checking account designated the "bingo account" and may also maintain one or more interest-bearing savings accounts designated as "bingo savings account".

a. Funds derived from the conduct of bingo, less the amount awarded as cash prizes, shall be deposited in the bingo account. No other funds except limited funds of the organization deposited to pay initial or unexpected emergency expenses shall be deposited in the bingo account. Deposits shall be made no later than the next business day following the day of the bingo occasion on which the receipts were obtained. Accounts shall be maintained in a financial institution in Iowa.

b. Funds from the bingo account shall be withdrawn by preprinted, consecutively numbered checks or share drafts, signed by a duly authorized representative of the licensee and made payable to a person or organization. Checks shall be imprinted with the words "Bingo Account" and shall contain the organization's gambling license number on the face of the check. There shall also be noted on the face of the check or share draft the nature of the payment made. A check or slip shall not be made payable to "cash," "bearer," or a fictitious payee. Checks, including voided checks and drafts, shall be kept and accounted for.

c. Checks shall be drawn on the bingo account for only the following purposes:

(1) The payment of necessary and reasonable bona fide expenses permitted under section 99B.7, subsection 3, paragraph "b", incurred and paid in connection with the conduct of bingo.

(2) The disbursement of net proceeds derived from the conduct of bingo to charitable purposes as required by section 99B.7, subsection 3, paragraphs "b" and "c".

(3) The transfer of net proceeds derived from the conduct of bingo to a bingo savings account pending disbursement to a charitable purpose.

(4) To withdraw initial or emergency funds deposited under section 99B.2, subsection 3, paragraph "a".

(5) To pay prizes if the qualified organization decides to pay prizes by check rather than cash.

d. The disbursement of net proceeds on deposit in a bingo savings account to a charitable purpose shall be made by transferring the intended disbursement back into the bingo account and then withdrawing the amount by a check drawn on that account as prescribed in this section.

e. Except as permitted by section 99B.2, subsection 3, paragraph "a", gross receipts derived from the conduct of bingo shall not be commingled with other funds of the licensed organization. Except as permitted by paragraph "c", subparagraphs (3) and (4), gross receipts shall not be transferred to another account maintained by the licensed organization.

3 4. Each A licensee required by subsection 2 to maintain records shall submit quarterly reports to the department on forms furnished by the department. These reports shall be due thirty days following the end of each calendar quarter. The reports shall contain a compilation of the information required to be recorded by subsection 2, and shall include all of the transactions occurring during the three-month period for which the report is submitted. Failure to submit the quarterly reports is grounds for revocation of the license. Willful failure to submit quarterly reports is a serious misdemeanor. However, the time for filing of reports may be extended for thirty days if the licensee makes written request to the department for an extension which request shows good cause for granting the extension. The making of any A person who intentionally files a false or fraudulent report or application with intent to defeat or evade any tax assessment, fee, or charitable dedication and distribution required by law is a serious misdemeanor the department commits a fraudulent practice.

5. An organization receiving funds reported as being dedicated by a qualified organization shall maintain proper books of account and records showing both the receipt and the use of the funds. These records shall be made available to the department or a law enforcement agency for inspection with or without notice at reasonable times. A failure to permit inspection is a serious misdemeanor.

Sec. 5. Section 99B.7, subsection 1, unnumbered paragraph 1, Code Supplement 1983, is amended to read as follows:

Except as otherwise provided in section 99B.8, games of skill, games of chance and raffles lawfully may be conducted at a location specified in specified location meeting the requirements of subsection 2 of this section, but only if all of the following are complied with:

Sec. 6. Section 99B.7, subsection 1, paragraph c, Code Supplement 1983, is amended to read as follows:

c. Cash prizes may be awarded in the game of bingo and shall not exceed one hundred dollars. Merchandise prizes may be awarded in the game of bingo, however, the actual retail value of the prize, or if the prize consists of more than one item, unit or part, the aggregate retail value of all items, units or parts, shall not exceed one hundred dollars. A jackpot bingo game may be conducted once during any twenty-four hour period in which the prize doubles if not won at one may be increased by not more than one hundred dollars after each day's game. However, the cost of play in a jackpot bingo game shall not be increased and the jackpot shall not amount to more than five hundred dollars in cash or actual retail value of merchandise prizes. A jackpot bingo game is not prohibited by paragraph "h" of this subsection. A bingo occasion shall not last for longer than four consecutive hours. A qualified organization shall not hold more than fourteen bingo occasions per month. Bingo occasions held under a limited license shall not be counted in determining whether a qualified organization has conducted more than fourteen bingo occasions per month, nor shall bingo occasions held under a limited license be limited to four consecutive hours. With the exception of a limited license bingo, no more than three bingo occasions per week shall be held within a structure or building and only one person licensed to conduct games under this section may hold bingo occasions within a structure or building. However, a qualified organization whose gross receipts for the previous four quarters were three thousand five hundred dollars or less may hold more than fourteen bingo occasions per month and more than three bingo occasions per week within the same structure or building, and bingo occasions conducted by such a qualified organization may last for longer than four consecutive hours. However, a qualified organization, which is a senior citizens' center or a residents' council at a senior citizen housing project

or a group home, may hold more than fourteen bingo occasions per month and more than three bingo occasions per week within the same structure or building, and bingo occasions conducted by such a qualified organization may last for longer than four consecutive hours, if the majority of the patrons of the qualified organization's bingo occasions also participate in other activities of the senior citizens' center or are residents of the housing project. At the conclusion of each bingo occasion, the person conducting the game shall announce both the gross receipts received from the bingo occasion and the use permitted under subsection 3, paragraph "b", of this section to which the net receipts of the bingo occasion will be dedicated and distributed.

Sec. 7. Section 99B.7, subsection 1, paragraph 1, Code Supplement 1983, is amended to read as follows:

1. During the entire time that games permitted by this section are being engaged in, no other gambling is engaged in at the same location and no free prize or other gift is given to a participant. However, one or more door prizes of a value not to exceed ten dollars each may be given by random drawing.

Sec. 8. Section 99B.7, subsection 1, Code Supplement 1983, is amended by adding the following new lettered paragraph:

NEW LETTERED PARAGRAPH. o. A person shall not conduct, promote, administer, or assist in the conducting, promoting or administering of a bingo occasion, unless the person regularly participates in activities of the qualified organization other than conducting bingo occasions or participates in an educational, civic, public, charitable, patriotic, or religious organization to which the net receipts are dedicated by the qualified organization.

Sec. 9. Section 99B.7, subsection 3, paragraph b, Code Supplement 1983, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Proceeds given to another charitable organization to satisfy the seventy-five percent dedication requirement shall not be used by the donee to pay any expenses in connection with the conducting of bingo by the donor organization, or for any cause, deed, or activity that would not constitute a valid dedication under this section.

Sec. 10. Section 99B.7, subsection 3, paragraph c, Code Supplement 1983, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. If permission is granted to hold the net receipts, the person shall, as a part of the quarterly report required by section 99B.2, report the amount of money currently being held and all expenditures of the funds. This report shall be filed even if the person no longer holds a gambling license.

Sec. 11. Section 99B.7, Code Supplement 1983, is amended by adding the following new subsection:

NEW SUBSECTION. 6. Proceeds coming into the possession of a person under this section are deemed to be held in trust for payment of expenses and dedication to charitable purposes as required by this section.

a. A person shall not be compensated for services rendered in connection with a game of skill, game of chance, or raffle conducted under this section. This section forbids payment of compensation to persons including, but not limited to, managers, callers, cashiers, floor workers, janitorial personnel, accountants and bookkeepers. The privilege of selling merchandise on the premises during a bingo occasion is deemed to be compensation. This section does not prohibit the employment of one or more individuals to serve as security officers. A person who knowingly pays or receives compensation in violation of this section commits a fraudulent practice.

b. A licensee or agent who willfully fails to dedicate the required amount of proceeds to charitable purposes as required by this section commits a fraudulent practice.

c. Violations of paragraphs "a" and "b" may be considered as a single fraudulent practice and the value may be the total value of all money, property and services involved.

Sec. 12. Section 99B.14, Code 1983, is amended to read as follows:

99B.14 REVOCATION OF LICENSE. The department shall revoke a license issued pursuant to this chapter if the licensee or ~~any an~~ agent of the licensee violates or permits a violation ~~of any of the provisions~~ a provision of this chapter, or departmental rules adopted pursuant to chapter 17A, or if any cause exists for which the director would have been justified in refusing to issue a license, or upon the conviction of any person of a violation of this chapter or rules adopted under this chapter which occurred on the licensed premises.

Revocation proceedings shall be held only after giving notice and an opportunity for hearing to the licensee. Notice shall be given at least ten days in advance of the date set for hearing. If the department finds cause for revocation, the license shall be revoked and thereafter no license may be issued to the person, or to the agent of the person found to be in violation of this chapter for a period not to exceed two years.

Sec. 13. Section 99B.19, Code 1983, is amended to read as follows:

99B.19 ATTORNEY GENERAL AND COUNTY ATTORNEY. Upon request of the department of revenue or the division of criminal investigation of the department of public safety, the attorney general shall institute in the name of the state the proper proceedings against a person charged by the either department with violating a provision of this chapter, and a county attorney, at the request of the attorney general, shall appear and prosecute an action when brought in the county attorney's county.

Approved May 8, 1984