

Senate Amendment 5042

PAG LIN

1 1 Amend Senate File 2314 as follows:
1 2 #1. By striking everything after the enacting
1 3 clause and inserting the following:
1 4 <Section 1. NEW SECTION. 99B.7B CARD GAME
1 5 TOURNAMENTS CONDUCTED BY QUALIFIED ORGANIZATIONS
1 6 REPRESENTING VETERANS.
1 7 1. As used in this section, unless the context
1 8 otherwise requires:
1 9 a. "Card game" includes poker, pinochle, pitch,
1 10 gin rummy, bridge, euchre, hearts, and cribbage.
1 11 b. "Qualified organization representing veterans"
1 12 means any licensed organization representing veterans
1 13 which dedicates the net receipts of a game of skill,
1 14 game of chance or raffle as provided in section 99B.7,
1 15 is exempt from federal income taxes under section
1 16 501(c)(19) of the Internal Revenue Code as defined in
1 17 section 422.3, has an active membership of not less
1 18 than twelve persons, and does not have a self=
1 19 perpetuating governing body and officers.
1 20 2. Notwithstanding any provision of this chapter
1 21 to the contrary, card game tournaments lawfully may be
1 22 conducted by a qualified organization representing
1 23 veterans if all of the following are complied with:
1 24 a. The organization conducting the card game
1 25 tournament has been issued a license pursuant to
1 26 subsection 4 and prominently displays that license in
1 27 the playing area of the card game tournament.
1 28 b. The card games to be conducted during a card
1 29 game tournament, including the rules of each card game
1 30 and how winners are determined, shall be displayed
1 31 prominently in the playing area of the card game
1 32 tournament. Each card game shall be conducted in a
1 33 fair and honest manner and shall not be operated on a
1 34 build-up or pyramid basis. Every participant in a
1 35 card game tournament must be given the same chances of
1 36 winning the tournament and shall not be allowed any
1 37 second chance entries or multiple entries in the card
1 38 game tournament.
1 39 c. Participation in a card game tournament
1 40 conducted by a qualified organization representing
1 41 veterans shall be open to the public. The cost to
1 42 participate in a card game tournament shall be limited
1 43 to one hundred dollars and shall be the same for every
1 44 participant in the card game tournament. Participants
1 45 in a card game tournament shall be at least twenty-one
1 46 years of age.
1 47 d. Cash or merchandise prizes may be awarded
1 48 during a card game tournament and shall not exceed one
1 49 thousand dollars and no participant shall win more
1 50 than a total of two hundred fifty dollars. A
2 1 qualified organization representing veterans shall
2 2 distribute amounts awarded as prizes on the day they
2 3 are won and merchandise prizes shall not be
2 4 repurchased. An organization conducting a card game
2 5 tournament shall only display prizes in the playing
2 6 area of the card game tournament that can be won.
2 7 e. No person receives or has any fixed or
2 8 contingent right to receive, directly or indirectly,
2 9 any profit, remuneration, or compensation from or
2 10 related to a game in a card game tournament, except
2 11 any amount which the person may win as a participant
2 12 on the same basis as the other participants.
2 13 f. A qualified organization representing veterans
2 14 shall not hold more than two card game tournaments per
2 15 week. Card game tournaments held under an annual game
2 16 night license shall not count toward the limit of two
2 17 card game tournaments per week. With the exception of
2 18 an annual game night license, no more than three card
2 19 game tournaments per week shall be held within a
2 20 structure or building and only one qualified
2 21 organization representing veterans licensed to conduct
2 22 card game tournaments under this section may hold card
2 23 game tournaments within a structure or building. A
2 24 qualified organization representing veterans shall be

2 25 allowed to hold only one card game tournament during a
2 26 calendar day.

2 27 g. At the conclusion of each card game tournament,
2 28 the person conducting the card game tournament shall
2 29 announce the gross receipts received, the total amount
2 30 of money withheld for expenses, and the amount
2 31 withheld for state taxes.

2 32 h. The person conducting the card game tournament
2 33 does none of the following:

2 34 (1) Hold, currently, another license issued under
2 35 this section.

2 36 (2) Own or control, directly or indirectly, any
2 37 class of stock of another person who has been issued a
2 38 license to conduct games under this section.

2 39 (3) Have, directly or indirectly, an interest in
2 40 the ownership or profits of another person who has
2 41 been issued a license to conduct games under this
2 42 section.

2 43 3. The qualified organization representing
2 44 veterans licensed to hold card game tournaments under
2 45 this section shall keep a journal of all dates of
2 46 events, amount of gross receipts, amount given out as
2 47 prizes, expenses, amount collected for taxes, and the
2 48 amount collected as revenue.

2 49 a. The amount collected by the qualified
2 50 organization representing veterans as revenue is
3 1 limited to ten percent of the gross receipts collected
3 2 from each event.

3 3 b. Each qualified organization representing
3 4 veterans shall withhold that portion of the gross
3 5 receipts subject to taxation pursuant to section
3 6 423.2, subsection 4, which shall be kept in a separate
3 7 account and sent to the state along with the
3 8 organization's quarterly report.

3 9 c. A qualified organization representing veterans
3 10 licensed to conduct card game tournaments is allowed
3 11 to withhold no more than five percent of the gross
3 12 receipts from each card game tournament for qualified
3 13 expenses. Qualified expenses include but are not
3 14 limited to hired staff to run the event and the
3 15 purchase of supplies and materials used in conducting
3 16 card games. Any money collected for expenses and not
3 17 used by the end of the calendar year shall be donated
3 18 for educational, civic, public, charitable, patriotic,
3 19 or religious uses as described in section 99B.7,
3 20 subsection 3, paragraph "b". The qualified
3 21 organization representing veterans shall attach a
3 22 receipt for any donation made to the fourth quarter
3 23 quarterly report required to be submitted pursuant to
3 24 section 99B.2.

3 25 d. Each qualified organization representing
3 26 veterans licensed under this section shall make
3 27 recordkeeping and all deposit receipts available as
3 28 provided in section 99B.2, subsection 2.

3 29 4. An organization wishing to conduct card game
3 30 tournaments pursuant to this section as a qualified
3 31 organization representing veterans shall submit an
3 32 application and annual license fee of two hundred
3 33 dollars to the department.

3 34 Sec. 2. Section 99B.8, Code Supplement 2005, is
3 35 amended by adding the following new subsection:

3 36 NEW SUBSECTION. 6. Notwithstanding any provision
3 37 of section 99B.7 to the contrary, if the games are
3 38 conducted by a qualified organization issued a license
3 39 pursuant to subsection 3, the sponsor may award cash
3 40 or merchandise prizes in any game of skill, game of
3 41 chance, or card game lawfully conducted during the
3 42 annual game night in an amount not to exceed ten
3 43 thousand dollars and no participant shall win more
3 44 than a total of five thousand dollars.

3 45 Sec. 3. Section 99B.9, subsection 1, unnumbered
3 46 paragraph 1, Code 2005, is amended to read as follows:

3 47 Except as otherwise permitted by section 99B.3,
3 48 99B.5, 99B.6, 99B.7, 99B.7B, 99B.8, 99B.11, or
3 49 99B.12A, it is unlawful to permit gambling on any
3 50 premises owned, leased, rented, or otherwise occupied
4 1 by a person other than a government, governmental
4 2 agency, or governmental subdivision, unless all of the
4 3 following are complied with:

4 4 Sec. 4. Section 99B.12, subsection 1, unnumbered
4 5 paragraph 1, Code 2005, is amended to read as follows:

4 6 Except in instances where because of the location
4 7 of the game or the circumstances of the game section
4 8 99B.3, section 99B.5, section 99B.6, section 99B.7,
4 9 section 99B.7B, section 99B.8, or section 99B.9 is
4 10 applicable, individuals may participate in gambling
4 11 specified in subsection 2, but only if all of the
4 12 following are complied with:

4 13 Sec. 5. Section 423.2, subsection 4, Code
4 14 Supplement 2005, is amended to read as follows:

4 15 4. A tax of five percent is imposed upon the sales
4 16 price derived from the operation of all forms of
4 17 amusement devices and games of skill, games of chance,
4 18 raffles, and bingo games as defined in chapter 99B,
4 19 and card game tournaments conducted under section
4 20 99B.7B, that are operated or conducted within the
4 21 state, the tax to be collected from the operator in
4 22 the same manner as for the collection of taxes upon
4 23 the sales price of tickets or admission as provided in
4 24 this section. Nothing in this subsection shall
4 25 legalize any games of skill or chance or slot-operated
4 26 devices which are now prohibited by law.

4 27 The tax imposed under this subsection covers the
4 28 total amount from the operation of games of skill,
4 29 games of chance, raffles, and bingo games as defined
4 30 in chapter 99B, card game tournaments conducted under
4 31 section 99B.7B, and musical devices, weighing
4 32 machines, shooting galleries, billiard and pool
4 33 tables, bowling alleys, pinball machines, slot=
4 34 operated devices selling merchandise not subject to
4 35 the general sales taxes and on the total amount from
4 36 devices or systems where prizes are in any manner
4 37 awarded to patrons and upon the receipts from fees
4 38 charged for participation in any game or other form of
4 39 amusement, and generally upon the sales price from any
4 40 source of amusement operated for profit, not specified
4 41 in this section, and upon the sales price from which
4 42 tax is not collected for tickets or admission, but tax
4 43 shall not be imposed upon any activity exempt from
4 44 sales tax under section 423.3, subsection 78. Every
4 45 person receiving any sales price from the sources
4 46 described in this section is subject to all provisions
4 47 of this subchapter relating to retail sales tax and
4 48 other provisions of this chapter as applicable.>

4 49 #2. Title page, by striking lines 1 through 3 and
4 50 inserting the following: <An Act concerning the
5 1 licensure, operation, and taxation of card game
5 2 tournaments by organizations representing veterans and
5 3 allowable prizes at annual game nights.>

5 4 #3. By renumbering as necessary.

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5 9 SF 2314.501 81
5 10 ec/je/4002