



CHESTER J. CULVER
GOVERNOR

OFFICE OF THE GOVERNOR

PATTY JUDGE
LT. GOVERNOR

April 27, 2007

The Honorable Michael Mauro
Secretary of State
State Capitol Building
LOCAL

Dear Mr. Secretary:

I hereby transmit:

Senate File 414, an Act concerning the licensure, operation, and taxation of card game tournaments by organizations representing veterans and allowable prizes at annual game nights by certain qualified organizations and making penalties applicable.

The above Senate File is hereby approved this date.

Sincerely,

A handwritten signature in black ink, appearing to read "Chester J. Culver".

Chester J. Culver
Governor

CJC:bdj

cc: Secretary of the Senate
Chief Clerk of the House





SENATE FILE 414

AN ACT

CONCERNING THE LICENSURE, OPERATION, AND TAXATION OF CARD GAME TOURNAMENTS BY ORGANIZATIONS REPRESENTING VETERANS AND ALLOWABLE PRIZES AT ANNUAL GAME NIGHTS BY CERTAIN QUALIFIED ORGANIZATIONS AND MAKING PENALTIES APPLICABLE.

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

Section 1. NEW SECTION. 99B.7B CARD GAME TOURNAMENTS CONDUCTED BY QUALIFIED ORGANIZATIONS REPRESENTING VETERANS.

1. As used in this section, unless the context otherwise requires:

a. "Card game" means only poker, pinochle, pitch, gin rummy, bridge, euchre, hearts, or cribbage.

b. "Qualified organization representing veterans" means any licensed organization representing veterans, which is a post, branch, or chapter of a national association of veterans of the armed forces of the United States which is a federally chartered corporation, dedicates the net receipts of a game of skill, game of chance, or raffle as provided in section 99B.7, is exempt from federal income taxes under section 501(c)(19) of the Internal Revenue Code as defined in section 422.3, has an active membership of not less than twelve persons, and does not have a self-perpetuating governing body and officers.

2. Notwithstanding any provision of this chapter to the contrary, card game tournaments lawfully may be conducted by a qualified organization representing veterans if all of the following are complied with:

a. The organization conducting the card game tournament has been issued a license pursuant to subsection 4 and prominently displays that license in the playing area of the card game tournament.

b. The card games to be conducted during a card game tournament, including the rules of each card game and how winners are determined, shall be displayed prominently in the playing area of the card game tournament. Each card game shall be conducted in a fair and honest manner and shall not be operated on a build-up or pyramid basis. Every participant in a card game tournament must be given the same chances of winning the tournament and shall not be allowed any second chance entries or multiple entries in the card game tournament.

c. Participation in a card game tournament conducted by a qualified organization representing veterans shall only be open to members of the qualified organization representing veterans and guests of members of the qualified organization participating in the tournament, subject to the requirements of this section. The total number of members and guests participating in a card game tournament shall not exceed the occupancy limit of the premises where the card game tournament is being conducted. Participants in a card game tournament shall be at least twenty-one years of age.

d. (1) If the card game tournament is limited to one guest for each member of the qualified organization representing veterans participating in the tournament, then the requirements of this subparagraph shall apply. The cost to participate in a card game tournament shall be limited to one hundred dollars and shall be the same for every participant in the card game tournament. Cash or merchandise prizes may be awarded during a card game tournament and shall not exceed one thousand dollars and no participant shall win more than a total of five hundred dollars.

(2) If the card game tournament is not limited to one guest for each member of the qualified organization representing veterans participating in the tournament, then the requirements of this subparagraph shall apply. The cost to participate in a card game tournament shall be limited to twenty-five dollars and shall be the same for every participant in the card game tournament. Cash or merchandise prizes may be awarded during a card game tournament and shall not exceed three hundred dollars and no participant shall win more than a total of two hundred dollars.

(3) A qualified organization representing veterans shall distribute amounts awarded as prizes on the day they are won and merchandise prizes shall not be repurchased. An organization conducting a card game tournament shall only display prizes in the playing area of the card game tournament that can be won.

e. The qualified organization representing veterans shall conduct each card game tournament and any card game conducted during the tournament and shall not contract with or permit another person to conduct the card game tournament or any card game during the tournament. In addition, the card game tournament and any card game conducted during the tournament shall be conducted on the premises of the qualified organization representing veterans as identified in the license application pursuant to subsection 4.

f. No person receives or has any fixed or contingent right to receive, directly or indirectly, any profit, remuneration, or compensation from or related to a game in a card game tournament, except any amount which the person may win as a participant on the same basis as the other participants.

g. A qualified organization representing veterans licensed under this section shall not hold more than two card game tournaments per month and shall not hold a card game tournament within seven calendar days of another card game tournament conducted by that qualified organization representing veterans. Card game tournaments held under an annual game night license shall not count toward the limit of one card game tournament per week for a license holder. A qualified organization representing veterans shall be allowed to hold only one card game tournament during any period of twenty-four consecutive hours, starting from the time the card game tournament begins.

h. At the conclusion of each card game tournament, the person conducting the card game tournament shall announce the gross receipts received, the total amount of money withheld for expenses, and the amount withheld for state taxes.

i. The person conducting the card game tournament does none of the following:

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

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

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

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

a. The qualified organization representing veterans shall dedicate and distribute the net receipts from each card game tournament as provided in section 99B.7, subsection 3, paragraph "b".

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

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

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

4. An organization wishing to conduct card game tournaments pursuant to this section as a qualified organization representing veterans shall submit an application

and annual license fee of one hundred dollars to the department. The application shall identify the premises where the card game tournaments are to be conducted and the occupancy limit of the premises, and shall include documentation that the qualified organization representing veterans has conducted regular meetings of the organization at the premises during the previous eight months.

5. a. A person under twenty-one years of age who participates in a card game tournament in violation of this section is deemed to violate the legal age for gambling wagering provisions under section 725.19, subsection 1.

b. The department shall revoke, for a period of one year, the license of a qualified organization representing veterans to conduct card game tournaments under this section if the licensee knowingly permits a person under the age of twenty-one years to participate in a card game tournament.

Sec. 2. Section 99B.8, subsection 1, unnumbered paragraph 1, Code 2007, is amended to read as follows:

Games of skill, games of chance, and card games lawfully may be conducted during a period of ~~twelve~~ sixteen consecutive hours within a period of twenty-four consecutive hours once each year by any person. The games may be conducted at any location except one for which a license is required pursuant to section 99B.3 or section 99B.5, but only if all of the following are complied with:

Sec. 3. Section 99B.8, Code 2007, is amended by adding the following new subsection:

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

b. For purposes of this subsection, an "eligible qualified organization" means any of the following:

(1) A qualified organization representing veterans as defined in section 99B.7B.

(2) A qualified organization that represents volunteer emergency services providers as defined in section 100B.31.

(3) A qualified organization that is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and that has conducted an annual game night during the period beginning January 1, 2001, and ending December 31, 2006.

Sec. 4. Section 99B.9, subsection 1, unnumbered paragraph 1, Code 2007, is amended to read as follows:

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

Sec. 5. Section 99B.12, subsection 1, unnumbered paragraph 1, Code 2007, is amended to read as follows:


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

Sec. 6. Section 423.2, subsection 4, Code 2007, is amended to read as follows:

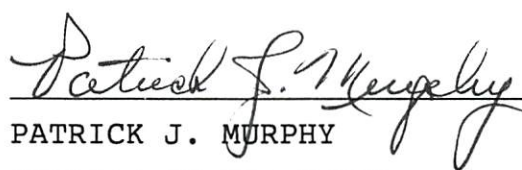
4. A tax of five percent is imposed upon the sales price derived from the operation of all forms of amusement devices and games of skill, games of chance, raffles, and bingo games as defined in chapter 99B, and card game tournaments conducted under section 99B.7B, that are operated or conducted within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

The tax imposed under this subsection covers the total amount from the operation of games of skill, games of chance, raffles, and bingo games as defined in chapter 99B, card game tournaments conducted under section 99B.7B, and musical

devices, weighing machines, shooting galleries, billiard and pool tables, bowling alleys, pinball machines, slot-operated devices selling merchandise not subject to the general sales taxes and on the total amount from devices or systems where prizes are in any manner awarded to patrons and upon the receipts from fees charged for participation in any game or other form of amusement, and generally upon the sales price from any source of amusement operated for profit, not specified in this section, and upon the sales price from which tax is not collected for tickets or admission, but tax shall not be imposed upon any activity exempt from sales tax under section 423.3, subsection 78. Every person receiving any sales price from the sources described in this section is subject to all provisions of this subchapter relating to retail sales tax and other provisions of this chapter as applicable.




JOHN P. KIBBIE
President of the Senate




PATRICK J. MURPHY
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 414, Eighty-second General Assembly.



MICHAEL E. MARSHALL
Secretary of the Senate

Approved April 27th, 2007



CHESTER J. CULVER
Governor