

Revised 2/19/86

FEB 4 1986

Place On Calendar

HOUSE FILE 2197

BY COMMITTEE ON ECONOMIC DE-
VELOPMENT

(Formerly House Study Bill 512)

Passed House, Date 2-19-86 (S. 370) Passed Senate, Date _____

Vote: Ayes 71 Nays 29 Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to gambling by making changes in the operation of
2 the state lottery and the Iowa lottery agency, the use of
3 lottery tickets, making certain acts relating to lottery
4 tickets or shares illegal, providing penalties, and providing
5 for an effective date.

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

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1 Section 1. Section 18.115, subsection 7, Code Supplement
2 1985, is amended to read as follows:

3 7. The state vehicle dispatcher shall cause to be marked
4 on every state-owned motor vehicle a sign in a conspicuous
5 place which indicates its ownership by the state except cars
6 requested to be exempt by the commissioner of public safety,
7 the commissioner of the Iowa lottery agency, or the director
8 of the department of general services. All state-owned motor
9 vehicles shall display registration plates bearing the word
10 "official" except cars requested to be furnished with ordinary
11 plates by the commissioner of public safety, the commissioner
12 of the Iowa lottery agency, or the director of the department
13 of general services pursuant to section 321.19. The state
14 vehicle dispatcher shall keep an accurate record of the
15 registration plates used on all state cars.

16 Sec. 2. Section 99B.1, Code 1985, is amended by adding the
17 following new subsection:

18 NEW SUBSECTION. 23. "Merchandise" includes lottery
19 tickets or shares sold or authorized under chapter 99E. The
20 value of the ticket or share is the price of the ticket or
21 share as established by the Iowa lottery agency pursuant to
22 chapter 99E.

23 Sec. 3. Section 99B.7, subsection 1, paragraph 1, Code
24 Supplement 1985, is amended to read as follows:

25 1. During the entire time that games permitted by this
26 section are being engaged in, no both of the following are
27 observed:

28 (1) No other gambling is engaged in at the same location
29 and no, except that lottery tickets or shares issued by the
30 Iowa lottery agency may be sold pursuant to chapter 99E.

31 (2) No free prize or other gift is given to a participant.
32 However, one or more door prizes of a value not to exceed ten
33 dollars each may be given by random drawing.

34 Sec. 4. Section 99E.9, subsection 4, Code Supplement 1985,
35 is amended to read as follows:

1 4. The board and the commissioner may enter into written
2 agreements or compacts with another state or states or one or
3 more political subdivisions of another state or states for the
4 operation, marketing, and promotion of a joint lottery or
5 joint lottery games.

6 Sec. 5. Section 99E.9, Code Supplement 1985, is amended by
7 adding the following new subsection 5 and renumbering the
8 subsequent subsection:

9 NEW SUBSECTION. 5. The board may authorize the com-
10 missioner to enter into written agreements with business
11 entities for special lottery promotions in which, incident to
12 the special lottery games, additional prizes, including
13 annuities, may be purchased by the business entity and
14 transferred to the lottery agency for payment to qualifying
15 holders of lottery tickets or shares.

16 Sec. 6. Section 99E.10, subsection 1, unnumbered paragraph
17 1, Code Supplement 1985, is amended to read as follows:

18 Upon receipt of any revenue, the commissioner shall deposit
19 the moneys in the lottery fund created pursuant to section
20 99E.20. As nearly as is practicable, at least fifty percent
21 of the projected annual revenue, after deduction of the amount
22 of the sales tax, ~~and repayment to the general fund of the~~
23 ~~loan for start-up purposes of the Iowa lottery, computed on a~~
24 ~~year-round average basis for each type of lottery game~~
25 accruing from the sale of tickets or shares is appropriated
26 for payment of prizes to the holders of winning tickets.
27 After the payment of prizes, all of the following shall be
28 deducted from lottery revenue prior to disbursement:

29 Sec. 7. Section 99E.10, subsection 1, unnumbered paragraph
30 2, Code Supplement 1985, is amended to read as follows:

31 Lottery agency expenses for marketing, educational, and
32 informational material shall not exceed four percent of the
33 lottery revenue. However, the four percent limitation does
34 not apply to the lottery agency's expense of cooperative
35 marketing arrangements which promote Iowa business or Iowa

1 products.

2 Sec. 8. Section 99E.16, subsection 1, Code Supplement
3 1985, is amended to read as follows:

4 1. The commissioner shall license persons to sell lottery
5 tickets or shares to best serve public convenience. The
6 lottery agency may sell tickets or shares to the public. A
7 Except for the lottery agency, a licensee shall not engage in
8 business exclusively to sell lottery tickets or shares.
9 However, the board may approve a special license to permit a
10 licensee or the lottery agency itself to sell lottery tickets
11 or shares to the public at special events approved by the
12 board. Before issuing a license the commissioner shall
13 consider the financial responsibility and security of the
14 applicant, the applicant's business or activity, the
15 accessibility of the applicant's place of business or activity
16 to the public, the sufficiency of existing licensees to serve
17 the public convenience, and the volume of expected sales. A
18 licensee shall cooperate with the lottery by using point-of-
19 purchase materials, posters, and other educational,
20 informational, and marketing materials when requested to do so
21 by the lottery. Lack of cooperation is sufficient cause for
22 revocation of a person's license.

23 Sec. 9. Section 99E.16, subsection 2, Code Supplement
24 1985, is amended to read as follows:

25 2. A licensee shall sell tickets or shares only on the
26 premises stated in the license. The Except for the lottery
27 agency, the licensee shall only sell a ticket or share in
28 person and not over a telephone or through the mail. The
29 licensee shall ~~shall~~ may accept payment in by cash only, check,
30 money order, debit card, or electronic funds transfer. The
31 licensee shall not extend or arrange credit for the purchase
32 of a ticket or share. As used in this subsection "cash" means
33 United States currency. "Cash" does not mean any other form
34 of payment including, but not limited to, check, credit card,
35 or a negotiable instrument.

1 Sec. 10. Section 99E.18, subsection 4, Code Supplement
2 1985, is amended to read as follows:

3 4. A person who, with intent to defraud, falsely makes,
4 alters, forges, utters, passes, or counterfeits a lottery
5 ticket or share or attempts to falsely make, alter, forge,
6 utter, pass, or counterfeit a lottery ticket or share is
7 guilty of a class "D" felony.

8 Sec. 11. Section 321.19, subsection 1, unnumbered
9 paragraph 2, Code Supplement 1985, is amended to read as
10 follows:

11 The department shall furnish, on application, free of
12 charge, distinguishing plates for vehicles thus exempted,
13 which plates except plates on Iowa highway safety patrol
14 vehicles shall bear the word "official" and the department
15 shall keep a separate record. Registration plates issued for
16 Iowa highway safety patrol vehicles, except unmarked patrol
17 vehicles, shall bear two red stars on a yellow background, one
18 before and one following the registration number on the plate,
19 which registration number shall be the officer's badge number.
20 Registration plates issued for a county sheriff's patrol
21 vehicles shall display one seven pointed gold star on a green
22 background followed by the letter "S" and the call number of
23 the vehicle. However, the director of general services or the
24 director of transportation may order the issuance of regular
25 registration plates for any exempted vehicle used by peace
26 officers in the enforcement of the law, persons enforcing
27 chapter 204 and other laws relating to controlled substances,
28 and persons in the department of justice who are regularly
29 assigned to conduct investigations which cannot reasonably be
30 conducted with a vehicle displaying "official" state
31 registration plates, and persons using vehicles operated by
32 the Iowa lottery agency for security or the carrying of
33 lottery tickets. For purposes of sale of exempted vehicles,
34 the exempted governmental body, upon the sale of the exempted
35 vehicle, may issue for in-transit purposes a pasteboard card

1 bearing the words "Vehicle in Transit", the name of the
2 official body from which the vehicle was purchased, together
3 with the date of the purchase plainly marked in at least one-
4 inch letters, and other information ~~which-may-be~~ required by
5 the department. The in-transit card ~~shall-be~~ is valid for use
6 only within forty-eight hours after the purchase date as
7 indicated on the bill of sale which shall be carried by the
8 driver.

9 Sec. 12. Section 422B.8, unnumbered paragraph 1, Code
10 Supplement 1985, is amended to read as follows:

11 A local sales and services tax at the rate of not more than
12 one percent may be imposed by a county on the gross receipts
13 taxed by the state under chapter 422, division IV, except on
14 the gross receipts from the sale of a lottery ticket or share
15 in a lottery game conducted pursuant to chapter 99E. A local
16 sales and services tax shall be imposed on the same basis as
17 the state sales and services tax and may not be imposed on the
18 sale of any property or on any service not taxed by the state.
19 However, notwithstanding that the gross receipts from the sale
20 or rental of the tangible personal property described in
21 section 422.45, subsections 26 and 27 are taxable during the
22 period beginning July 1, 1985 and ending June 30, 1987, a
23 local sales and services tax shall not be imposed on the sale
24 or rental of such property. A local sales and services tax is
25 applicable to transactions within those incorporated and
26 unincorporated areas of the county where it is imposed and
27 shall be collected by all persons required to collect state
28 gross receipts taxes. All cities contiguous to each other
29 shall be treated as part of one incorporated area and the tax
30 would be imposed in each of those contiguous cities only if
31 the majority of those voting in the total area covered by the
32 contiguous cities favor its imposition.

33 Sec. 13. Section 715.1, subsection 2, Code 1985, is
34 amended to read as follows:

35 2. Any deed, will or testamentary document, bill of sale,

1 warehouse receipt, bill of lading, lottery ticket or share, or
2 any writing which purports to convey an interest in some
3 property, or to be evidence of or to establish a right in some
4 property.

5 Sec. 14. Any lottery agency expense incurred for
6 marketing, educational, and informational material for the
7 lotto game during the first six months following the effective
8 date of this Act shall not be included to determine compliance
9 with the four percent limitation imposed in section 99E.10.

10 Sec. 15. This Act, being deemed of immediate importance,
11 takes effect from and after its publication in the Jasper
12 County Tribune, a newspaper published in Colfax, Iowa, and in
13 the Citizen Herald, a newspaper published in Jesup, Iowa.

14

EXPLANATION

15 This bill makes several changes in the operation of the
16 state lottery, the Iowa lottery agency, or the use of lottery
17 tickets or shares.

18 Sections 1 and 11 permit the Iowa lottery agency to obtain
19 a state vehicle that does not display "official" state
20 registration plates or is not marked as an official car if the
21 vehicle is to be used for security or for carrying lottery
22 tickets.

23 Section 2 provides that the term "merchandise" as used in
24 chapter 99B relating to games of skill, games of chance, or
25 raffles includes an Iowa lottery ticket or share and is to be
26 valued at the price established by the Iowa lottery agency.
27 Merchandise may be given as prizes under chapter 99B in games
28 of skill, games of chance, or raffles.

29 Section 3 permits the sale of lottery tickets or shares at
30 locations where games of skill, games of chance, or raffles
31 are being conducted.

32 Section 4 permits the Iowa lottery agency to enter into a
33 written agreement with one or more political subdivisions of
34 another state or states for the operation, marketing, and pro-
35 motion of a joint lottery. Current law permits such agree-

1 ments with another state or states.

2 Section 5 permits the Iowa lottery board to permit the Iowa
3 lottery commissioner to enter into written agreements with
4 business entities for the promotion of special lottery games
5 in which the business entity may provide supplementary prizes
6 to be awarded by the lottery agency.

7 Section 6 provides that at least fifty percent of the pro-
8 jected annual revenue of lottery games after deducting sales
9 tax is to be used for prizes.

10 Section 7 provides that expenses incurred in cooperative
11 marketing arrangements which promote Iowa business on Iowa
12 products are not included in the four percent limitation on
13 marketing expenses.

14 Section 8 explicitly permits the Iowa lottery agency to
15 sell tickets and shares to the public.

16 Section 9 permits the lottery agency to sell lottery
17 tickets or shares either in person or over telephone or
18 through mail. In addition, it permits a licensee to accept
19 not only cash but also checks, money orders, debit cards, or
20 electronic funds transfer for the purchase of lottery tickets
21 or shares.

22 Section 10 provides that a person who attempts to falsely
23 make, alter, forge, utter, pass, or counterfeit a lottery
24 ticket or share is guilty of a class "D" felony.

25 Section 12 excludes lottery sales from the imposition of
26 local option sales and services taxes.

27 Section 13 provides that a lottery ticket or share is a
28 financial instrument for purposes of the crime of false use of
29 a financial instrument.

30 Section 14 provides that lottery agency expenses incurred
31 for marketing, educational, and informational material for the
32 lotto game are not covered by the four percent limitation on
33 marketing expenses during the first six months following the
34 effective date of this Act.

35 Section 15 provides the bill is effective upon publication.

HOUSE FILE 2197

5-5378

1 Amend House File 2197 as amended, passed, and
2 reprinted by the House as follows:

3 1. Page 1, by inserting before line 1 the
4 following:

5 "Section 1. Section 99A.10, Code Supplement 1985,
6 is amended by striking the section and inserting in
7 lieu thereof the following:

8 99A.10 MANUFACTURE OF ELECTRONIC GAMBLING DEVICES
9 PERMITTED.

10 A person may manufacture electronic or computerized
11 gambling devices for sale out of the state or for sale
12 in the state or use in the state if the use is
13 permitted pursuant to either chapter 99B or chapter
14 99E."

15 2. Page 2, by inserting after line 5 the
16 following:

17 "Sec. 2. Section 99E.9, subsection 5, Code
18 Supplement 1985, is amended to read as follows:

19 5 6. Whenever-possible If reasonably practical
20 when the lottery agency awards a contract under
21 subsection 2, for the lease, or purchase, or servicing
22 of a machine to be used in the conducting of a lottery
23 game including, but not limited to, a video lottery
24 machine or machine used in lotto, the lottery agency
25 shall give preference to awarding the contract to a
26 person responsible vendor whose primary place of
27 business is in Iowa who manufactures the machines in
28 the state, provided the costs and benefits to the
29 lottery agency are equal to those available from
30 competing vendors.

31 If reasonably practical when the lottery agency
32 awards a contract under subsection 2, for the
33 servicing of a machine to be used in the conducting of
34 a lottery game including, but not limited to, a video
35 lottery machine or a machine used in lotto, the
36 lottery agency shall give preference to a responsible
37 vendor whose principal place of business is in Iowa,
38 provided the costs and benefits to the lottery agency
39 are equal to those available from competing vendors."

40 3. Page 2, by inserting after line 5 the
41 following:

42 "Sec. ____ . Section 99E.9, Code Supplement 1985, is
43 amended by adding the following new subsection:

44 NEW SUBSECTION. 7. By November 1, 1986, the Iowa
45 lottery agency shall initiate pilot programs in at
46 least five counties in the state by placing video
47 lottery games in those counties selected to
48 demonstrate the feasibility of implementing video
49 lottery games throughout the state. The agency shall
50 design the projects to implement this section. The

S-5378 Page 2

1 lottery board shall determine by rule how the revenue
2 collected pursuant to the pilot programs is to be
3 disbursed to the state, a political subdivision of the
4 state, and the vendor and vendor operators. However,
5 the portion of the revenue retained by the state and
6 not needed to cover the expenses of the pilot programs
7 shall be distributed as provided in section 99E.10.
8 As used in this section, "video lottery games" means
9 lottery games involving a machine designed similar to
10 a video amusement game except that prizes are awarded
11 at random by the lottery agency at the conclusion of
12 the game."

13 4. Page 2, by inserting after line 18 the
14 following:

15 "Sec. ____ . Section 99E.10, subsection 1,
16 unnumbered paragraph 3, Code Supplement 1985, is
17 amended to read as follows:

18 The Iowa plan fund for economic development, also
19 to be known as the Iowa plan fund, is created in the
20 office of the treasurer of state. In addition, an
21 excellence in education fund is created in the office
22 of the treasurer of state. Lottery revenue remaining
23 after expenses are determined shall be transferred to
24 the Iowa plan fund on a quarterly basis. However,
25 seventy-five percent of the money received from video
26 lottery pilot programs shall be deposited in the
27 excellence in education fund for appropriation by the
28 general assembly to promote excellence in education in
29 this state. However, In addition, upon the request of
30 the commissioner and subject to approval by the
31 treasurer of state, an amount sufficient to cover the
32 foreseeable administrative expenses of the lottery for
33 a period of twenty-one days may be retained from the
34 lottery revenue. Prior to the quarterly transfer to
35 the Iowa plan fund or the excellence in education
36 fund, the commissioner may direct that lottery revenue
37 shall be deposited in the lottery fund and in interest
38 bearing accounts designated by the treasurer of state
39 in the financial institutions of this state or
40 invested in the manner provided in section 452.10.
41 Interest or earnings paid on the deposits or
42 investments is considered lottery revenue and shall be
43 transferred to the Iowa plan fund or the excellence in
44 education fund in the same manner as other lottery
45 revenue. Money in the Iowa plan fund or the
46 excellence in education fund shall be deposited in
47 interest bearing accounts in financial institutions in
48 this state or invested in the manner provided in
49 section 452.10. The interest or earnings on the
50 deposits or investments shall be considered part of

S-5378 Page 3

1 the Iowa plan fund or the excellence in education fund
2 and shall be retained in the fund funds unless
3 appropriated by the general assembly."

4 5. Page 5, by inserting after line 24 the
5 following:

6 "Sec. 3. Section 725.9, subsection 5, Code
7 Supplement 1985, is amended by striking the subsection
8 and inserting in lieu thereof the following:

9 5. This chapter does not prohibit the manufacture
10 of electronic or computerized gambling devices if
11 manufactured for sale out of the state or for sale in
12 the state or use in the state if the use is licensed
13 pursuant to either chapter 99B or chapter 99E."

14 6. Renumber as necessary.

S-5378 Filed March 18, 1986

BY COMM. ON APPROP., WELSH, CHAIR

A- W/D 3/21 (p. 825)
B- Loe, C- W/R 3/24 (p. 848)

HOUSE FILE 2197

S-5348

1 Amend House File 2197 as amended, passed, and re-
2 printed by the House as follows:

3 1. Page 1, by striking lines 24 through 30.

4 2. Page 5, by striking lines 25 through 30 and in-
5 serting in lieu thereof the following:

6 "Sec. 13. Marketing and".

S-5348 Filed March 13, 1986

BY DIELEMAN

Adopted 3/24 (p. 848)

HOUSE FILE 2197

S-5362

1 Amend House File 2197 as follows:

2 1. Page 1, line 23, by inserting after the word

3 "each" the word "instant".

4 2. Page 3, line 12, by striking the word "intrastate".

S-5362 Filed March 17, 1986

BY HULTMAN

Adopted 3/24 (p. 848)

HOUSE FILE 2197

S-5396

1 Amend S-5378 to House File 2197 as amended, passed,
2 and reprinted by the House as follows:

3 1. Page 3, line 4, by striking the figure "4" and
4 inserting the following: "5".

S-5396 Filed March 19, 1986

BY WELSH

Adopted 3/21 (p. 825)

HOUSE FILE 2197

S-5433

- 1 Amend amendment S-5378 to House File 2197 as
2 amended, passed and reprinted by the House as follows:
3 1. Page 2, by inserting after line 14 the
4 following:
5 "Sec. ____ . Section 99E.10, subsection 1, paragraph
6 a, Code Supplement 1985, is amended to read as
7 follows:
8 a. An amount equal to one half of one percent of
9 the gross lottery revenue shall be deposited in a
10 gamblers assistance fund in the office of the
11 treasurer of state. The money shall be deposited on a
12 monthly basis. Moneys in the fund shall be
13 administered by the commissioner of human services and
14 used to provide assistance and counseling to
15 individuals and families experiencing difficulty as a
16 result of gambling losses and to promote awareness of
17 gamblers anonymous and similar assistance programs."
18 2. Page 2, line 24, by striking the word
19 "quarterly" and inserting the following: "quarterly
20 monthly".
21 3. Page 2, line 26, by inserting after the word
22 "deposited" the following: "on a monthly basis".
23 4. Renumber as necessary.

S-5433 Filed March 24, 1986 BY WELSH

Placed o/o 3/24 (p. 848)

HOUSE AMENDMENT TO
SENATE AMENDMENT TO
HOUSE FILE 2197

S-5484

- 1 Amend Senate amendment, H-5539, to House File 2197,
2 as amended, passed, and reprinted by the House, as
3 follows:
4 1. Page 1, by striking line 5.
5 2. Page 1, by striking lines 7, 8 and 9 and
6 inserting the following:
7 " ____ . Page 5, line 26 and 27, by striking the
8 words "during the first six months following the
9 effective date of this Act" and inserting the words
10 "for the period beginning April 1, 1986 and ending
11 October 1, 1986"."

-5484 Filed March 27, 1986 REC'D FROM THE HOUSE

Senate concurred 4/1 (p. 960)

Sen. State Gov. D. Pass 3/13 (p. 721)

House File 2197

STATE GOVERNMENT: Welsh, Chair; Horn and Rife

Appropriation 3/14 Amend (5318) & D. Pass 3/18 (763)

HOUSE FILE 2197

BY COMMITTEE ON ECONOMIC DEVELOPMENT

(As Amended and Passed by the House February 19, 1986)

Passed House, Date 3-27-86 (p. 1065) Passed Senate, Date 3-24-86 (p. 845)

Vote: Ayes 56 Nays 36 Vote: Ayes 31 Nays 16

Approved April 8, 1986 (p. 1320)
Repassed Senate 4-1-86 (p. 966)
27-22

A BILL FOR

1 An Act relating to gambling by making changes in the operation of
2 the state lottery and the Iowa lottery agency, the use of
3 lottery tickets, making certain acts relating to lottery
4 tickets or shares illegal, providing penalties, and providing
5 for an effective date.

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

SENATE AMENDMENT TO HOUSE FILE 2197

H-5539

1 Amend House File 2197 as amended, passed and re-
2 printed by the House as follows:

3 1. Page 1, line 23, by inserting after the word
4 "each" the word "instant".

5 2. Page 1, by striking lines 24 through 30.

6 3. Page 3, line 12, by striking the word "intrastate".

7 4. Page 5, by striking lines 25 through 30 and in-
8 serting in lieu thereof the following:

9 "Sec. 13. Marketing and".

10 5. By renumbering, relettering, or redesignating
11 and correcting internal references as necessary.

H-5539 FILED MARCH 25, 1986

RECEIVED FROM THE SENATE

House Amendment (5571) & Concurred 3/27 (p. 1065)

22

23

24

hf 2197

rr/pk/25

* 1 Section 1. Section 99B.1, Code 1985, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 23. "Merchandise" includes lottery
4 tickets or shares sold or authorized under chapter 99E. The
5 value of the ticket or share is the price of the ticket or
6 share as established by the Iowa lottery agency pursuant to
7 chapter 99E.

8 Sec. 2. Section 99B.7, subsection 1, paragraph 1, Code
9 Supplement 1985, is amended to read as follows:

10 1. During the entire time that games permitted by this
11 section are being engaged in, no both of the following are
12 observed:

13 (1) No other gambling is engaged in at the same location
14 and no, except that lottery tickets or shares issued by the
15 Iowa lottery agency may be sold pursuant to chapter 99E.

16 (2) No free prize or other gift is given to a participant.
17 However, one or more door prizes of a value not to exceed ten
18 dollars each may be given by random drawing.

19 Sec. 3. Section 99E.9, subsection 3, Code Supplement 1985,
20 is amended by adding the following new lettered paragraph:

21 NEW LETTERED PARAGRAPH. o. Requirement that a licensee
22 either print or stamp the licensee's name and address on the
23 back of each ticket.

5345 24 Sec. 4. Section 99E.9, subsection 4, Code Supplement 1985,
25 is amended to read as follows:

26 4. The board and the commissioner may enter into written
27 agreements or compacts with another state or states or one or
28 more political subdivisions of another state or states for the
29 operation, marketing, and promotion of a joint lottery or
30 joint lottery games.

31 Sec. 5. Section 99E.9, Code Supplement 1985, is amended by
32 adding the following new subsection 5 and renumbering the
33 subsequent subsection:

34 NEW SUBSECTION. 5. The board may authorize the com-
35 missioner to enter into written agreements with business

1 entities for special lottery promotions in which, incident to
2 the special lottery games, additional prizes, including
3 annuities, may be purchased by the business entity and
4 transferred to the lottery agency for payment to qualifying
5 holders of lottery tickets or shares.

6 Sec. 6. Section 99E.10, subsection 1, unnumbered paragraph
7 1, Code Supplement 1985, is amended to read as follows:

8 Upon receipt of any revenue, the commissioner shall deposit
9 the moneys in the lottery fund created pursuant to section
10 99E.20. As nearly as is practicable, at least fifty percent
11 of the projected annual revenue, after deduction of the amount
12 of the sales tax, ~~and repayment to the general fund of the~~
13 ~~loan for start-up purposes of the Iowa lottery, computed on a~~
14 ~~year-round average basis for each type of lottery game~~
15 accruing from the sale of tickets or shares is appropriated
16 for payment of prizes to the holders of winning tickets.
17 After the payment of prizes, all of the following shall be
18 deducted from lottery revenue prior to disbursement:

*19 Sec. 7. Section 99E.16, subsection 1, Code Supplement
20 1985, is amended to read as follows:

21 1. The commissioner shall license persons to sell lottery
22 tickets or shares to best serve public convenience. The
23 lottery agency may sell tickets or shares to the public. A
24 Except for the lottery agency, a licensee shall not engage in
25 business exclusively to sell lottery tickets or shares.
26 However, the board may approve a special license to permit a
27 licensee or the lottery agency itself to sell lottery tickets
28 or shares to the public at special events approved by the
29 board. Before issuing a license the commissioner shall
30 consider the financial responsibility and security of the
31 applicant, the applicant's business or activity, the
32 accessibility of the applicant's place of business or activity
33 to the public, the sufficiency of existing licensees to serve
34 the public convenience, and the volume of expected sales. A
35 licensee shall cooperate with the lottery by using point-of-

1 purchase materials, posters, and other educational,
2 informational, and marketing materials when requested to do so
3 by the lottery. Lack of cooperation is sufficient cause for
4 revocation of a person's license.

5 Sec. 8. Section 99E.16, subsection 2, Code Supplement
6 1985, is amended to read as follows:

7 2. A licensee shall sell tickets or shares only on the
8 premises stated in the license. The Except for the lottery
9 agency, the licensee shall only sell a ticket or share in
10 person and not over a telephone or through the mail. However,
11 the lottery agency may sell lottery tickets or shares over the
12 telephone or through intrastate mail. The licensee shall may
13 accept payment in by cash only, check, money order, debit
14 card, or electronic funds transfer. The licensee shall not
15 extend or arrange credit for the purchase of a ticket or
16 share. As used in this subsection "cash" means United States
17 currency. ~~"Cash"-does-not-mean-any-other-form-of-payment~~
18 ~~including,-but-not-limited-to,-check,-credit-card,-or-a~~
19 ~~negotiable-instrument-~~

20 Sec. 9. Section 99E.18, subsection 4, Code Supplement
21 1985, is amended to read as follows:

22 4. A person who, with intent to defraud, falsely makes,
23 alters, forges, utters, passes, or counterfeits a lottery
24 ticket or share or attempts to falsely make, alter, forge,
25 utter, pass, or counterfeit a lottery ticket or share is
26 guilty of a class "D" felony.

27 Sec. 10. Section 321.19, subsection 1, unnumbered
28 paragraph 2, Code Supplement 1985, is amended to read as
29 follows:

30 The department shall furnish, on application, free of
31 charge, distinguishing plates for vehicles thus exempted,
32 which plates except plates on Iowa highway safety patrol
33 vehicles shall bear the word "official" and the department
34 shall keep a separate record. Registration plates issued for
35 Iowa highway safety patrol vehicles, except unmarked patrol

1 vehicles, shall bear two red stars on a yellow background, one
2 before and one following the registration number on the plate,
3 which registration number shall be the officer's badge number.
4 Registration plates issued for a county sheriff's patrol
5 vehicles shall display one seven pointed gold star on a green
6 background followed by the letter "S" and the call number of
7 the vehicle. However, the director of general services or the
8 director of transportation may order the issuance of regular
9 registration plates for any exempted vehicle used by peace
10 officers in the enforcement of the law, persons enforcing
11 chapter 204 and other laws relating to controlled substances,
12 and persons in the department of justice who are regularly
13 assigned to conduct investigations which cannot reasonably be
14 conducted with a vehicle displaying "official" state
15 registration plates, and persons in the Iowa lottery agency
16 whose regularly assigned duties relating to security or the
17 carrying of lottery tickets cannot reasonably be conducted
18 with a vehicle displaying "official" registration plates. For
19 purposes of sale of exempted vehicles, the exempted
20 governmental body, upon the sale of the exempted vehicle, may
21 issue for in-transit purposes a pasteboard card bearing the
22 words "Vehicle in Transit", the name of the official body from
23 which the vehicle was purchased, together with the date of the
24 purchase plainly marked in at least one-inch letters, and
25 other information ~~which may be~~ required by the department.
26 The in-transit card ~~shall be~~ is valid for use only within
27 forty-eight hours after the purchase date as indicated on the
28 bill of sale which shall be carried by the driver.

29 Sec. 11. Section 422B.8, unnumbered paragraph 1, Code
30 Supplement 1985, is amended to read as follows:

31 A local sales and services tax at the rate of not more than
32 one percent may be imposed by a county on the gross receipts
33 taxed by the state under chapter 422, division IV, except on
34 the gross receipts from the sale of a lottery ticket or share
35 in a lottery game conducted pursuant to chapter 99E. A local

1 sales and services tax shall be imposed on the same basis as
2 the state sales and services tax and may not be imposed on the
3 sale of any property or on any service not taxed by the state.
4 However, notwithstanding that the gross receipts from the sale
5 or rental of the tangible personal property described in
6 section 422.45, subsections 26 and 27 are taxable during the
7 period beginning July 1, 1985 and ending June 30, 1987, a
8 local sales and services tax shall not be imposed on the sale
9 or rental of such property. A local sales and services tax is
10 applicable to transactions within those incorporated and
11 unincorporated areas of the county where it is imposed and
12 shall be collected by all persons required to collect state
13 gross receipts taxes. All cities contiguous to each other
14 shall be treated as part of one incorporated area and the tax
15 would be imposed in each of those contiguous cities only if
16 the majority of those voting in the total area covered by the
17 contiguous cities favor its imposition.

18 Sec. 12. Section 715.1, subsection 2, Code 1985, is
19 amended to read as follows:

20 2. Any deed, will or testamentary document, bill of sale,
21 warehouse receipt, bill of lading, lottery ticket or share, or
22 any writing which purports to convey an interest in some
23 property, or to be evidence of or to establish a right in some
24 property.

25 Sec. 13. Lottery agency expense incurred for educational
26 and informational material for the lotto game during the first
27 six months following the effective date of this Act shall not
28 exceed eight hundred and fifty thousand dollars and shall not
29 be included to determine compliance with the four percent
30 limitation imposed in section 99E.10. Marketing and
31 promotional materials for the lotto game are subject to the
32 four percent limitation.

33 Sec. 14. This Act, being deemed of immediate importance,
34 takes effect from and after its publication in the Jasper
35 County Tribune, a newspaper published in Colfax, Iowa, and in

1 the Citizen Herald, a newspaper published in Jesup, Iowa.

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HOUSE FILE 2197

H-5571

1 Amend Senate amendment, H-5539, to House File 2197,
2 as amended, passed, and reprinted by the House, as
3 follows:

4 1. Page 1, by striking line 5.
5 2. Page 1, by striking lines 7, 8 and 9 and
6 inserting the following:

7 "_____. Page 5, line 26 and 27, by striking the
8 words "during the first six months following the
9 effective date of this Act" and inserting the words
10 "for the period beginning April 1, 1986 and ending
11 October 1, 1986"."

H-5571 FILED MARCH 27, 1986 BY PARKER of Jasper
ADOPTED (g. 1065)

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HOUSE FILE 2197

H-5079

1 Amend House File 2197 as follows:
2 1. Page 1, by inserting after line 33 the
3 following:
4 "Sec. ____ . Section 99E.9, subsection 3, Code
5 Supplement 1985, is amended by adding the following
6 new lettered paragraph:
7 NEW LETTERED PARAGRAPH. o. Requirement that a
8 licensee either print or stamp the licensee's name and
9 address on the back of each ticket."

H-5079 FILED FEBRUARY 11, 1986 BY ARNOULD of Scott
Adopted 2/13 (p 249)

HOUSE FILE 2197

H-5082

1 Amend House File 2197 as follows:
2 1. Page 3, by inserting after line 1 the
3 following:
4 "Sec. ____ . Section 99E.10, subsection 1,
5 unnumbered paragraph 3, Code Supplement 1985, is
6 amended to read as follows:
7 The Iowa plan fund for economic development, also
8 to be known as the Iowa plan fund, is created in the
9 office of the treasurer of state. Lottery revenue
10 remaining after expenses are determined shall be
11 transferred to the Iowa plan fund on a quarterly
12 basis. In allocating money to the Iowa plan fund, the
13 allocations for the fourth quarter shall be made prior
14 to June 30. However, upon the request of the
15 commissioner and subject to approval by the treasurer
16 of state, an amount sufficient to cover the
17 foreseeable administrative expenses of the lottery for
18 a period of twenty-one days may be retained from the
19 lottery revenue. Prior to the quarterly transfer to
20 the Iowa plan fund, the commissioner may direct that
21 lottery revenue shall be deposited in the lottery fund
22 and in interest bearing accounts designated by the
23 treasurer of state in the financial institutions of
24 this state or invested in the manner provided in
25 section 452.10. Interest or earnings paid on the
26 deposits or investments is considered lottery revenue
27 and shall be transferred to the Iowa plan fund in the
28 same manner as other lottery revenue. Money in the
29 Iowa plan fund shall be deposited in interest bearing
30 accounts in financial institutions in this state or
31 invested in the manner provided in section 452.10.
32 The interest or earnings on the deposits or
33 investments shall be considered part of the Iowa plan
34 fund and shall be retained in the fund unless
35 appropriated by the general assembly."
36 2. Renumber as necessary.

H-5082 FILED FEBRUARY 11, 1986 BY HANSON of Delaware
Adopted 2/13 (p 300)

HOUSE FILE 2197

H-5067

- 1 Amend House File 2197 as follows:
- 2 1. Page 6, line 8, by inserting after the word "not"
- 3 the following: "exceed eight hundred fifty thousand
- 4 dollars and shall not".

BY PAULIN of Plymouth

H-5067 FILED FEBRUARY 5, 1986 VARN of Johnson

Adopted 2/10 2/13 (p. 300)

HOUSE FILE 2197

H-5071

- 1 Amend House File 2197 as follows:
- 2 1. Page 3, by striking lines 23 through 35.
- 3 2. Renumber sections and correct internal
- 4 references as necessary in accordance with this
- 5 amendment.

BY MULLINS of Kossuth

H-5071 FILED FEBRUARY 6, 1986 OSTERBERG of Linn

HOUSE FILE 2197

H-5070

- 1 Amend House File 2197 as follows:
- 2 1. Page 2, by inserting after line 15 the
- 3 following new section:
- 4 "Sec. ____ Section 99E.9, Code Supplement 1985, is
- 5 amended by adding the following new subsection:
- 6 NEW SUBSECTION. 7. The board and the commissioner
- 7 shall determine the number and size of prizes for each
- 8 game and each licensee shall prominently display the
- 9 information to ticket purchasers. The information to
- 10 be displayed shall indicate the odds of winning prizes
- 11 available and the amount paid by the state for a
- 12 twenty year annuity to pay out prizes in amounts of
- 13 one hundred thousand dollars."
- 14 2. By renumbering as necessary.

H-5070 FILED FEBRUARY 6, 1986 BY SCHNEKLOTH of Scott

Adopted 2/13 (p. 299)

HOUSE FILE 2197

H-5074

- 1 Amend House File 2197 as follows:
- 2 1. Page 3, line 28, by inserting after the word
- 3 "mail." the following: "However, the lottery agency
- 4 may sell lottery tickets or shares over the telephone
- 5 or through the mail only if the telephone call or the
- 6 mailing is an intrastate transaction."

BY OSTERBERG of Linn

H-5074 FILED FEBRUARY 7, 1986 MULLINS of Kossuth

Adopted as amended by 5070 2/13 (p. 301)

HOUSE FILE 2197

H-5075

- 1 Amend House File 2197 as follows:
- 2 1. By striking page 2, line 29 through page 3,
- 3 line 1.
- 4 2. Page 6, by striking lines 5 through 9.

BY HAVERLAND of Polk

H-5075 FILED FEBRUARY 11, 1986

CARL of Poweshiek

Adopted 2/13 (p. 300)

PETERSON of Carroll

HOUSE FILE 2197

H-5090

- 1 Amend amendment H-5074 to House File 2197 as follows:
2 1. Page 1, by striking lines 5 and 6, and inserting
3 the following: "or through intrastate mail."

BY MULLINS of Kossuth
OSTERBERG of Linn
H-5090 FILED FEBRUARY 13, 1986
ADOPTED (f. 301)

HOUSE FILE 2197

H-5099

- 1 Amend House File 2197 as follows:
2 1. Page 6, by inserting after line 4 the
3 following:
4 "Sec. ____ . Lottery agency expense incurred for
5 educational and informational material for the lotto
6 game during the first six months following the
7 effective date of this Act shall not exceed eight
8 hundred and fifty thousand dollars and shall not be
9 included to determine compliance with the four percent
10 limitation imposed in section 99E.10. Marketing and
11 promotional materials for the lotto game are subject
12 to the four percent limitation."
13 2. By renumbering as necessary.

BY PARKER of Jasper
PAULIN of Plymouth
H-5099 FILED FEBRUARY 13, 1986
Adopted 2/17 (f. 369)

HOUSE FILE 2197

H-5102

- 1 Amend House File 2197 as follows:
2 1. Page 1, by striking lines 1 through 15.
3 2. Page 4, by striking lines 31 through 33 and
4 inserting the following: "registration plates, and
5 persons in the Iowa lottery agency whose regularly
6 assigned duties relating to security or the carrying
7 of lottery tickets cannot reasonably be conducted with
8 a vehicle displaying "official" registration plates.
9 For purposes of sale of exempted vehicles,".
10 3. Renumber as necessary.

BY HANSON of Delaware
PARKER of Jasper
H-5102 FILED FEBRUARY 13, 1986
Adopted 2/19 (f. 369)

FISCAL NOTE
REQUESTED BY REPRESENTATIVE CONNOLLY

In compliance with a written request received January 30, 1986, a fiscal note for HOUSE FILE 2197 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 2197 changes the operations of the state lottery. The lottery agency would be allowed to obtain unmarked state vehicles to be used for security purposes or ticket delivery. Lottery tickets could be considered as prizes in games of skill, games of chance, or raffles. Tickets could be sold on the premises of games of skill, games of chance, or raffles. The lottery agency would be allowed to enter into an agreement with political subdivisions within other states to operate a joint lottery. The lottery agency would be allowed to enter into agreements with business entities for the promotion of special lottery games. Fifty percent of lottery revenues after deducting sales tax, would be allocated for prizes. The lottery agency's expenses incurred in cooperative marketing arrangements which promote Iowa businesses or products would not be included in the four percent limit on marketing expenses. The Iowa lottery agency would be allowed to sell lottery tickets in person, over the telephone, or through the mail. Ticket licensees would be allowed to accept checks, money orders, debit cards, or electronic fund transfers for the purchase of tickets. The counterfeiting or alteration of lottery tickets would be considered a class D felony. Ticket sales would be exempt from local option sales and services taxes. Lottery tickets would be considered financial instruments for purposes of the crime of false use of a financial instrument. The lottery agency's expenses incurred in marketing the lotto game would not be included in the four percent limit on marketing expenses during the six months following the effective date of this act.

ASSUMPTIONS:

- 1) The fiscal effect of ticket sales at games of skill, games of chance, and raffles can be estimated for FY 1987 and FY 1988.
- 2) The fiscal effect of ticket sales resulting from promotional agreements with business entities can be estimated for FY 1987 and FY 1988.
- 3) The fiscal effect of ticket sales resulting from marketing agreements to promote Iowa businesses can be estimated for FY 1987 and FY 1988.
- 4) The fiscal effect of ticket sales resulting from the fifty percent prize allocation after sales tax deduction can be estimated for FY 1987 and FY 1988.
- 5) The fiscal effect of ticket sales resulting from the sales through the lottery agency and payment through checks, money orders, debit cards, and electronic fund transfers can be estimated for FY 1987 and FY 1988.

FISCAL EFFECT: House File 2197 would result in increased ticket sales from five separate sources:

(dollars in thousands)

	F.Y. 1987			F.Y. 1988		
	Current Law	Proposed Law	Increase / (Decrease)	Current Law	Proposed Law	Increase / (Decrease)
LOTTERY SALES						
-sales/prizes						
raffles	0	50	50	0	50	50
-lottery						
promotions	0	150	150	0	150	150
-50% prize						
payments	0	100	100	0	100	100
-cooperative						
marketing	0	100	100	0	100	100
-agency ticket						
sales, usage						
of checks, etc	0	150	150	0	150	150
TOTAL	\$ 0	\$ 550	\$ 550	\$ 0	\$ 550	\$ 550
LESS SALES TAX	\$ 0	\$ 21	\$ 21	\$ 0	\$ 21	\$ 21
LESS PRIZES/ EXPENSES	0	330	330	0	330	330
IOWA PLAN FUND	0	199	199	0	199	199

7500
2197

Parker, Chr.
Connolly
Hanson

M.W.C.
HSB 512

MWB

HOUSE FILE 2197
BY (PROPOSED COMMITTEE ON

ECONOMIC DEVELOPMENT BILL)

Study Bill 512

Economic Development: Parker, Chair; Connolly and Hanson.

Passed House, Date _____ Passed Senate, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to gambling by making changes in the operation of
2 the state lottery and the Iowa lottery agency, and the use of
3 lottery tickets.

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

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1 Section 1. Section 18.115, subsection 7, Code Supplement
2 1985, is amended to read as follows:

3 7. The state vehicle dispatcher shall cause to be marked
4 on every state-owned motor vehicle a sign in a conspicuous
5 place which indicates its ownership by the state except cars
6 requested to be exempt by the commissioner of public safety,
7 the commissioner of the Iowa lottery agency, or the director
8 of the department of general services. All state-owned motor
9 vehicles shall display registration plates bearing the word
10 "official" except cars requested to be furnished with ordinary
11 plates by the commissioner of public safety, the commissioner
12 of the Iowa lottery agency, or the director of the department
13 of general services pursuant to section 321.19. The state
14 vehicle dispatcher shall keep an accurate record of the
15 registration plates used on all state cars.

16 Sec. 2. Section 99B.1, Code 1985, is amended by adding the
17 following new subsection:

18 NEW SUBSECTION. 23. "Merchandise" includes lottery
19 tickets or shares sold or authorized under chapter 99E. The
20 value of the ticket or share is the price of the ticket or
21 share as established by the Iowa lottery agency pursuant to
22 chapter 99E.

23 Sec. 3. Section 99B.7, subsection 1, paragraph 1, Code
24 Supplement 1985, is amended to read as follows:

25 1. During the entire time that games permitted by this
26 section are being engaged in, no both of the following are
27 observed:

28 (1) No other gambling is engaged in at the same location
29 and-no, except that lottery tickets or shares issued by the
30 Iowa lottery agency may be sold pursuant to chapter 99E.

31 (2) No free prize or other gift is given to a participant.
32 However, one or more door prizes of a value not to exceed ten
33 dollars each may be given by random drawing.

34 Sec. 4. Section 99E.9, subsection 4, Code Supplement 1985,
35 is amended to read as follows:

1 4. The board and the commissioner may enter into written
2 agreements or compacts with another state or states or one or
3 more political subdivisions of another state or states for the
4 operation, marketing, and promotion of a joint lottery or
5 joint lottery games.

6 Sec. 5. Section 99E.9, Code Supplement 1985, is amended by
7 adding the following new subsection 5 and renumbering the
8 subsequent subsection:

9 NEW SUBSECTION. 5. The board may authorize the com-
10 missioner to enter into written agreements with business
11 entities for special lottery promotions in which, incident to
12 the special lottery games, additional prizes, including
13 annuities, may be purchased by the business entity and
14 transferred to the lottery agency for payment to qualifying
15 holders of lottery tickets or shares.

16 Sec. 6. Section 99E.10, subsection 1, unnumbered paragraph
17 1, Code Supplement 1985, is amended to read as follows:

18 1. Upon receipt of any revenue, the commissioner shall
19 deposit the moneys in the lottery fund created pursuant to
20 section 99E.20. ~~As-nearly-as-is-practicable,~~ At least fifty
21 percent of the projected annual revenue, after deduction of
22 the amount of the sales tax, ~~and-repayment-to-the-general-fund~~
23 ~~of-the-loan-for-start-up-purposes-of-the-Iowa-lottery,~~
24 ~~computed-on-a-year-round-average-basis-for-each-type-of~~
25 ~~lottery-game~~ accruing from the sale of tickets or shares is
26 appropriated for payment of prizes to the holders of winning
27 tickets. After the payment of prizes, all of the following
28 shall be deducted from lottery revenue prior to disbursement:

29 Sec. 7. Section 99E.10, subsection 1, unnumbered paragraph
30 2, Code Supplement 1985, is amended to read as follows:

31 Lottery agency expenses for marketing, educational, and
32 informational material shall not exceed four percent of the
33 lottery revenue. However, the four percent limitation does
34 not apply to the cost of cooperative marketing arrangements
35 which promote Iowa business or Iowa products. In addition,

1 the expenses incurred for marketing, educational, and
2 informational material during the first six months of
3 implementation of the lotto game shall not be included to
4 determine compliance with the four percent limitation.

5 Sec. 8. Section 99E.16, subsection 1, Code Supplement
6 1985, is amended to read as follows:

7 1. The commissioner shall license persons to sell lottery
8 tickets or shares to best serve public convenience. The
9 lottery agency may sell tickets or shares to the public. A
10 Except for the lottery agency, a licensee shall not engage in
11 business exclusively to sell lottery tickets or shares.
12 However, the board may approve a special license to permit a
13 licensee or the lottery agency itself to sell lottery tickets
14 or shares to the public at special events approved by the
15 board. Before issuing a license the commissioner shall
16 consider the financial responsibility and security of the
17 applicant, the applicant's business or activity, the
18 accessibility of the applicant's place of business or activity
19 to the public, the sufficiency of existing licensees to serve
20 the public convenience, and the volume of expected sales. A
21 licensee shall cooperate with the lottery by using point-of-
22 purchase materials, posters, and other educational,
23 informational, and marketing materials when requested to do so
24 by the lottery. Lack of cooperation is sufficient cause for
25 revocation of a person's license.

26 Sec. 9. Section 99E.16, subsection 2, Code Supplement
27 1985, is amended to read as follows:

28 2. A licensee shall sell tickets or shares only on the
29 premises stated in the license. The Except for the lottery
30 agency, the licensee shall only sell a ticket or share in
31 person and not over a telephone or through the mail. The
32 licensee shall ~~shall~~ may accept payment in by cash only, check,
33 money order, debit card, or electronic funds transfer. The
34 licensee shall not extend or arrange credit for the purchase
35 of a ticket or share. As used in this subsection "cash" means

1 United States currency. ~~"Cash"-does-not-mean-any-other-form~~
2 ~~of-payment-including,-but-not-limited-to,-check,-credit-card,-~~
3 ~~or-a-negotiable-instrument-~~

4 Sec. 10. Section 321.19, subsection 1, unnumbered
5 paragraph 2, Code Supplement 1985, is amended to read as
6 follows:

7 The department shall furnish, on application, free of
8 charge, distinguishing plates for vehicles thus exempted,
9 which plates except plates on Iowa highway safety patrol
10 vehicles shall bear the word "official" and the department
11 shall keep a separate record. Registration plates issued for
12 Iowa highway safety patrol vehicles, except unmarked patrol
13 vehicles, shall bear two red stars on a yellow background, one
14 before and one following the registration number on the plate,
15 which registration number shall be the officer's badge number.
16 Registration plates issued for a county sheriff's patrol
17 vehicles shall display one seven pointed gold star on a green
18 background followed by the letter "S" and the call number of
19 the vehicle. However, the director of general services or the
20 director of transportation may order the issuance of regular
21 registration plates for any exempted vehicle used by peace
22 officers in the enforcement of the law, persons enforcing
23 chapter 204 and other laws relating to controlled substances,
24 and persons in the department of justice who are regularly
25 assigned to conduct investigations which cannot reasonably be
26 conducted with a vehicle displaying "official" state
27 registration plates, and persons using vehicles operated by
28 the Iowa lottery agency for security or the carrying of
29 lottery tickets. For purposes of sale of exempted vehicles,
30 the exempted governmental body, upon the sale of the exempted
31 vehicle, may issue for in-transit purposes a pasteboard card
32 bearing the words "Vehicle in Transit", the name of the
33 official body from which the vehicle was purchased, together
34 with the date of the purchase plainly marked in at least one-
35 inch letters, and other information ~~which-may-be~~ required by

1 the department. The in-transit card ~~shall be~~ is valid for use
2 only within forty-eight hours after the purchase date as
3 indicated on the bill of sale which shall be carried by the
4 driver.

5 Sec. 11. Section 422B.8, unnumbered paragraph 1, Code
6 Supplement 1985, is amended to read as follows:

7 A local sales and services tax at the rate of not more than
8 one percent may be imposed by a county on the gross receipts
9 taxed by the state under chapter 422, division IV, except on
10 the gross receipts from the sale of a lottery ticket or share
11 in a lottery game conducted pursuant to chapter 99E. A local
12 sales and services tax shall be imposed on the same basis as
13 the state sales and services tax and may not be imposed on the
14 sale of any property or on any service not taxed by the state.
15 However, notwithstanding that the gross receipts from the sale
16 or rental of the tangible personal property described in
17 section 422.45, subsections 26 and 27 are taxable during the
18 period beginning July 1, 1985 and ending June 30, 1987, a
19 local sales and services tax shall not be imposed on the sale
20 or rental of such property. A local sales and services tax is
21 applicable to transactions within those incorporated and
22 unincorporated areas of the county where it is imposed and
23 shall be collected by all persons required to collect state
24 gross receipts taxes. All cities contiguous to each other
25 shall be treated as part of one incorporated area and the tax
26 would be imposed in each of those contiguous cities only if
27 the majority of those voting in the total area covered by the
28 contiguous cities favor its imposition.

29 EXPLANATION

30 This bill makes several changes in the operation of the
31 state lottery, the Iowa lottery agency, or the use of lottery
32 tickets or shares.

33 Sections 1 and 10 permit the Iowa lottery agency to obtain
34 a state vehicle that does not display "official" state
35 registration plates or is not marked as an official car if the

1 vehicle is to be used for security or for carrying lottery
2 tickets.

3 Section 2 provides that the term "merchandise" as used in
4 chapter 99B relating to games of skill, games of chance, or
5 raffles includes an Iowa lottery ticket or share and is to be
6 valued at the price established by the Iowa lottery agency.
7 Merchandise may be given as prizes under chapter 99B in games
8 of skill, games of chance, or raffles.

9 Section 3 permits the sale of lottery tickets or shares at
10 locations where games of skill, games of chance, or raffles
11 are being conducted.

12 Section 4 permits the Iowa lottery agency to enter into a
13 written agreement with one or more political subdivisions of
14 another state or states for the operation, marketing, and pro-
15 motion of a joint lottery. Current law permits such agree-
16 ments with another state or states.

17 Section 5 permits the Iowa lottery board to permit the Iowa
18 lottery commissioner to enter into written agreements with
19 business entities for the promotion of special lottery games
20 in which the business entity may provide supplementary prizes
21 to be awarded by the lottery agency.

22 Section 6 provides that at least fifty percent of the pro-
23 jected annual revenue of lottery games after deducting sales
24 tax is to be used for prizes.

25 Section 7 provides that expenses incurred in cooperative
26 marketing arrangements which promote Iowa business on Iowa
27 products and the first six months of marketing, educational,
28 or informational materials used for the lotto game are not
29 included in the four percent limitation on marketing expenses.

30 Section 8 explicitly permits the Iowa lottery agency to
31 sell tickets and shares to the public.

32 Section 9 permits the lottery agency to sell lottery
33 tickets or shares either in person or over telephone or
34 through mail. In addition, it permits a licensee to accept
35 not only cash but also checks, money orders, debit cards, or

1 electronic funds transfer for the purchase of lottery tickets
2 or shares.

3 Section 11 excludes lottery sales from the imposition of
4 local option sales and services taxes.

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HOUSE FILE 2197

AN ACT

RELATING TO GAMBLING BY MAKING CHANGES IN THE OPERATION OF THE STATE LOTTERY AND THE IOWA LOTTERY AGENCY, THE USE OF LOTTERY TICKETS, MAKING CERTAIN ACTS RELATING TO LOTTERY TICKETS OR SHARES ILLEGAL, PROVIDING PENALTIES, AND PROVIDING FOR AN EFFECTIVE DATE.

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

Section 1. Section 99B.1, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 23. "Merchandise" includes lottery tickets or shares sold or authorized under chapter 99E. The value of the ticket or share is the price of the ticket or share as established by the Iowa lottery agency pursuant to chapter 99E.

Sec. 2. Section 99B.7, subsection 1, paragraph 1, Code Supplement 1985, is amended to read as follows:

1. During the entire time that games permitted by this section are being engaged in, no both of the following are observed:

(1) No other gambling is engaged in at the same location and no, except that lottery tickets or shares issued by the Iowa lottery agency may be sold pursuant to chapter 99E.

(2) 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. 3. Section 99E.9, subsection 3, Code Supplement 1985, is amended by adding the following new lettered paragraph:

NEW LETTERED PARAGRAPH. o. Requirement that a licensee either print or stamp the licensee's name and address on the back of each instant ticket.

Sec. 4. Section 99E.9, subsection 4, Code Supplement 1985, is amended to read as follows:

4. The board and the commissioner may enter into written agreements or compacts with another state or states or one or more political subdivisions of another state or states for the operation, marketing, and promotion of a joint lottery or joint lottery games.

Sec. 5. Section 99E.9, Code Supplement 1985, is amended by adding the following new subsection 5 and renumbering the subsequent subsection:

NEW SUBSECTION. 5. The board may authorize the commissioner to enter into written agreements with business entities for special lottery promotions in which, incident to the special lottery games, additional prizes, including annuities, may be purchased by the business entity and transferred to the lottery agency for payment to qualifying holders of lottery tickets or shares.

Sec. 6. Section 99E.10, subsection 1, unnumbered paragraph 1, Code Supplement 1985, is amended to read as follows:

Upon receipt of any revenue, the commissioner shall deposit the moneys in the lottery fund created pursuant to section 99E.20. As nearly as is practicable, at least fifty percent of the projected annual revenue, after deduction of the amount of the sales tax, ~~and repayment to the general fund of the lean-for-start-up purposes of the Iowa lottery, computed on a year-round average basis for each type of lottery game~~ accruing from the sale of tickets or shares is appropriated for payment of prizes to the holders of winning tickets. After the payment of prizes, all of the following shall be deducted from lottery revenue prior to disbursement:

Sec. 7. Section 99E.16, subsection 1, Code Supplement 1985, is amended to read as follows:

1. The commissioner shall license persons to sell lottery tickets or shares to best serve public convenience. The lottery agency may sell tickets or shares to the public. A

Except for the lottery agency, a licensee shall not engage in business exclusively to sell lottery tickets or shares. However, the board may approve a special license to permit a licensee or the lottery agency itself to sell lottery tickets or shares to the public at special events approved by the board. Before issuing a license the commissioner shall consider the financial responsibility and security of the applicant, the applicant's business or activity, the accessibility of the applicant's place of business or activity to the public, the sufficiency of existing licensees to serve the public convenience, and the volume of expected sales. A licensee shall cooperate with the lottery by using point-of-purchase materials, posters, and other educational, informational, and marketing materials when requested to do so by the lottery. Lack of cooperation is sufficient cause for revocation of a person's license.

Sec. 8. Section 99E.16, subsection 2, Code Supplement 1985, is amended to read as follows:

2. A licensee shall sell tickets or shares only on the premises stated in the license. The Except for the lottery agency, the licensee shall only sell a ticket or share in person and not over a telephone or through the mail. However, the lottery agency may sell lottery tickets or shares over the telephone or through mail. The licensee shall may accept payment in by cash only, check, money order, debit card, or electronic funds transfer. The licensee shall not extend or arrange credit for the purchase of a ticket or share. As used in this subsection "cash" means United States currency. ~~"Cash" does not mean any other form of payment including, but not limited to, check, credit card, or a negotiable instrument.~~

Sec. 9. Section 99E.18, subsection 4, Code Supplement 1985, is amended to read as follows:

4. A person who, with intent to defraud, falsely takes, alters, forges, utters, passes, or counterfeits a lottery

ticket or share or attempts to falsely take, alter, forge, utter, pass, or counterfeit a lottery ticket or share is guilty of a class "D" felony.

Sec. 10. Section 321.19, subsection 1, unnumbered paragraph 2, Code Supplement 1985, is amended to read as follows:

The department shall furnish, on application, free of charge, distinguishing plates for vehicles thus exempted, which plates except plates on Iowa highway safety patrol vehicles shall bear the word "official" and the department shall keep a separate record. Registration plates issued for Iowa highway safety patrol vehicles, except unmarked patrol vehicles, shall bear two red stars on a yellow background, one before and one following the registration number on the plate, which registration number shall be the officer's badge number. Registration plates issued for a county sheriff's patrol vehicles shall display one seven pointed gold star on a green background followed by the letter "S" and the call number of the vehicle. However, the director of general services or the director of transportation may order the issuance of regular registration plates for any exempted vehicle used by peace officers in the enforcement of the law, persons enforcing chapter 204 and other laws relating to controlled substances, and persons in the department of justice who are regularly assigned to conduct investigations which cannot reasonably be conducted with a vehicle displaying "official" state registration plates, and persons in the Iowa lottery agency whose regularly assigned duties relating to security or the carrying of lottery tickets cannot reasonably be conducted with a vehicle displaying "official" registration plates. For purposes of sale of exempted vehicles, the exempted governmental body, upon the sale of the exempted vehicle, may issue for in-transit purposes a pasteboard card bearing the words "Vehicle in Transit", the name of the official body from which the vehicle was purchased, together with the date of the

purchase plainly marked in at least one-inch letters, and other information which may be required by the department. The in-transit card shall be is valid for use only within forty-eight hours after the purchase date as indicated on the bill of sale which shall be carried by the driver.

Sec. 11. Section 422B.8, unnumbered paragraph 1, Code Supplement 1985, is amended to read as follows:

A local sales and services tax at the rate of not more than one percent may be imposed by a county on the gross receipts taxed by the state under chapter 422, division IV, except on the gross receipts from the sale of a lottery ticket or share in a lottery game conducted pursuant to chapter 99E. A local sales and services tax shall be imposed on the same basis as the state sales and services tax and may not be imposed on the sale of any property or on any service not taxed by the state. However, notwithstanding that the gross receipts from the sale or rental of the tangible personal property described in section 422.45, subsections 26 and 27 are taxable during the period beginning July 1, 1985 and ending June 30, 1987, a local sales and services tax shall not be imposed on the sale or rental of such property. A local sales and services tax is applicable to transactions within those incorporated and unincorporated areas of the county where it is imposed and shall be collected by all persons required to collect state gross receipts taxes. All cities contiguous to each other shall be treated as part of one incorporated area and the tax would be imposed in each of those contiguous cities only if the majority of those voting in the total area covered by the contiguous cities favor its imposition.

Sec. 12. Section 715.1, subsection 2, Code 1985, is amended to read as follows:

2. Any deed, will or testamentary document, bill of sale, warehouse receipt, bill of lading, lottery ticket or share, or any writing which purports to convey an interest in some property, or to be evidence of or to establish a right in some property.

Sec. 13. Lottery agency expense incurred for educational and informational material for the lotto game for the period beginning April 1, 1986 and ending October 1, 1986 shall not exceed eight hundred and fifty thousand dollars and shall not be included to determine compliance with the four percent limitation imposed in section 99E.10. Marketing and promotional materials for the lotto game are subject to the four percent limitation.

Sec. 14. This Act, being deemed of immediate importance, takes effect from and after its publication in the Jasper County Tribune, a newspaper published in Colfax, Iowa, and in the Citizen Herald, a newspaper published in Jesup, Iowa.

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DONALD D. AVENSON
Speaker of the House

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ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2197, Seventy-first General Assembly.

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JOSEPH O'HERN
Chief Clerk of the House

Approved  , 1985

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JERRY E. BRANSTAD
Governor