

STATE GOVERNMENT: Welsh, Chair, Horn and Rife

FEB 21 1986

Place On Calendar

HOUSE FILE 2349

BY COMMITTEE ON STATE GOVERNMENT

(Formerly House Study Bill 576)

Passed House, Date 3-5-86 (H. 554) Passed Senate, Date 4-7-86 (S. 1072)

Vote: Ayes 79 Nays 19 Vote: Ayes 40 Nays 7

Approved May 21, 1986

A BILL FOR

1 An Act relating to games of skill, games of chance, and raffles.

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

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HF 2349

1 Section 1. Section 99B.1, subsection 6, Code 1985, is
2 amended to read as follows:

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

9 Sec. 2. Section 99B.2, subsections 1 and 2, Code 1985, are
10 amended to read as follows:

11 1. The department is the agency responsible for issuing a
12 license required by this chapter. A license shall not be
13 issued, except upon submission to the department of an
14 application on forms furnished by the department, and the
15 required license fee. A license may be issued to an eligible
16 applicant. However, a license shall not be issued to an
17 applicant who has been convicted of or pled guilty to a
18 violation of this chapter, or who has been convicted of or
19 pled guilty to a violation of chapter 123 that resulted, at
20 any time, in revocation of a license issued to the applicant
21 under chapter 123 or that resulted, within the twelve months
22 preceding the date of application for a license required by
23 this chapter, in suspension of a license issued under chapter
24 123. To be eligible for a two year license under section
25 99B.7, an organization shall have been in existence at least
26 five years prior to the date of issuance of the license. A
27 license also shall not be issued for a location for which a
28 previous license issued under this chapter or chapter 123 has
29 been revoked within-the-preceding-two-years until the period
30 of the revocation or revocations has elapsed. Except as
31 otherwise provided in this chapter, a license is valid for a
32 period of two years from the date of issue. The license fee
33 is not refundable, but shall be returned to the applicant if
34 an application is not approved. When a bingo license has been
35 issued by the department the licensee shall be notified by the

1 department of the renewal date for the license ten days prior
2 to that date.

3 2. A licensee other than one issued a license pursuant to
4 section 99B.3, 99B.6 or ~~section~~ 99B.9 shall maintain proper
5 books of account and records showing in addition to any other
6 information required by the department, gross receipts and the
7 amount of the gross receipts taxes collected or accrued with
8 respect to gambling activities, all expenses, charges, fees
9 and other deductions, and the cash amounts, or the cost to the
10 licensee of goods or other noncash valuables, distributed to
11 participants in the licensed activity. If the licensee is a
12 qualified organization, the amounts dedicated and the date and
13 name and address of each person to whom distributed also shall
14 be kept in the books and records. The books of account and
15 records shall be made available to the department or a law
16 enforcement agency for inspection at reasonable times, with or
17 without notice. A failure to permit inspection is a serious
18 misdemeanor.

19 Sec. 3. Section 99B.5, subsection 1, paragraphs d and g,
20 Code Supplement 1985, are amended to read as follows:

21 d. Except with respect to an annual raffle as provided in
22 paragraph "g", the cost of each chance in or ticket to the
23 raffle does not exceed one dollar.

24 g. The actual retail value of any prize does not exceed
25 fifty dollars. If a prize consists of more than one item,
26 unit, or part, the aggregate retail value of all items, units,
27 or parts shall not exceed fifty dollars. However, either a
28 fair sponsor or a qualified organization, but not both, may
29 hold one raffle per year at which a merchandise prize having a
30 value not greater than ten thousand dollars as determined by
31 the purchase price paid by the fair sponsor or qualified
32 organization may be awarded.

33 Sec. 4. Section 99B.6, subsection 2, Code 1985, is amended
34 to read as follows:

35 2. The holder of a license issued pursuant to this section

1 ~~shall-be~~ is strictly accountable for maintaining-compliance
2 complying with subsection 1. Proof of ~~any-acts~~ an act
3 constituting a violation ~~shall-be~~ is grounds for revocation of
4 the license issued pursuant to this section if the holder of
5 the license permitted the violation to occur when the licensee
6 knew or had reasonable cause to know of the ~~acts~~ act
7 constituting the violation. ~~The-holder-of-a-license-issued~~
8 ~~pursuant-to-this-section-which-has-its-license-revoked-shall~~
9 ~~not-be-issued-another-license-within-six-months-of-the-date-of~~
10 ~~revocation-~~

11 Sec. 5. Section 99B.7, subsection 1, paragraph m, Code
12 Supplement 1985, is amended to read as follows:

13 m. The person or organization conducting the game can show
14 to the satisfaction of the department that the person or
15 organization is eligible for exemption from federal income
16 taxation under either section 501(c)(3), 501(c)(4), 501(c)(5),
17 501(c)(6), 501(c)(7), 501(c)(8), 501(c)(10) or 501(c)(19) of
18 the Internal Revenue Code of 1954, as defined in section
19 422.3. However, this paragraph does not apply to a political
20 party as defined in section 43.2, to a nonparty political
21 organization that has qualified to place a candidate as its
22 nominee for statewide office pursuant to chapter 44, or to a
23 candidate committee as defined in section 56.2.

24 Sec. 6. Section 99B.14, unnumbered paragraph 1, Code 1985,
25 is amended to read as follows:

26 The department shall revoke a license issued pursuant to
27 this chapter if the licensee or an agent of the licensee
28 violates or permits a violation of a provision of this
29 chapter, or a departmental rules rule adopted pursuant to
30 chapter 17A, or if any a cause exists for which the director
31 would have been justified in refusing to issue a license, or
32 upon the conviction of any a person of a violation of this
33 chapter or ~~rules~~ a rule adopted under this chapter which
34 occurred on the licensed premises. However, the revocation of
35 one type of gambling license does not require the revocation

1 of a different type of gambling license held by the same
2 licensee.

3 EXPLANATION

4 The bill amends chapter 99B to provide that a local option
5 sales tax is a deduction in determining net receipts and is
6 not included in determining the limitation on reasonable
7 expenses, to limit the period of time gambling may not be
8 conducted at a particular location to the length of the
9 gambling or liquor license revocation, to remove the quarterly
10 reporting requirement for amusement concessions, to remove the
11 price limitation on a once-a-year raffle held at a fair and to
12 clarify that it may be conducted either by the fair sponsor or
13 a qualified organization but not both, to provide for
14 consistent license revocation time periods, to expand the
15 types of qualified organizations which can apply for a
16 license, and to provide that the revocation of one type of
17 gambling license does not require the revocation of a
18 different type held by the same licensee.

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H-5176

1 Amend House File 2349 as follows:

2 1. Page 1, lines 7 and 8, by striking the word
3 "twenty-five" and inserting the following: "twenty-
4 five thirty".

5 2. Page 3, by inserting after line 23 the
6 following:

7 "Sec. ____ . Section 99B.7, subsection 3, paragraph
8 b, Code 1985, is amended to read as follows:

9 b. A person or the agent of a person submitting
10 application to conduct games pursuant to this section
11 as a qualified organization shall certify that the
12 receipts of all games, less reasonable expenses,
13 charges, fees, taxes, and deductions allowed by this
14 chapter, either will be distributed as prizes to
15 participants or will be dedicated and distributed to
16 educational, civic, public, charitable, patriotic or
17 religious uses in this state and that the amount
18 dedicated and distributed will equal at least ~~seventy-~~
19 five seventy percent of the net receipts.

20 "Educational, civic, public, charitable, patriotic, or
21 religious uses" means uses benefiting a society for
22 the prevention of cruelty to animals or animal rescue
23 league, or uses benefiting an indefinite number of
24 persons either by bringing them under the influence of
25 education or religion or relieving them from disease,
26 suffering, or constraint, or by erecting or
27 maintaining public buildings or works, or otherwise
28 lessening the burden of government, or uses benefiting
29 any bona fide nationally chartered fraternal or
30 military veterans' corporation or organization which
31 operates in Iowa a clubroom, post, dining room, or
32 dance hall, but do not include the erection,
33 acquisition, improvement, maintenance, or repair of
34 real, personal or mixed property unless it is used for
35 one or more of the uses stated. "Public uses"
36 specifically includes dedication of net receipts to
37 political parties as defined in section 43.2.

38 "Charitable uses" includes uses benefiting a definite
39 number of persons who are the victims of loss of home
40 or household possessions through explosion, fire,
41 flood, or storm when the loss is uncompensated by
42 insurance, and uses benefiting a definite number of
43 persons suffering from a seriously disabling disease
44 or injury, causing severe loss of income or incurring
45 extraordinary medical expense when the loss is
46 uncompensated by insurance.

47 Proceeds given to another charitable organization
48 to satisfy the ~~seventy-five~~ seventy percent dedication
49 requirement shall not be used by the donee to pay any
50 expenses in connection with the conducting of bingo by

1 the donor organization, or for any cause, deed, or
2 activity that would not constitute a valid dedication
3 under this section."

4 3. Renumber as necessary.

BY VAN CAMP of Scott
PAVICH of Pottawattamie

H-5176 FILED FEBRUARY 26, 1986

Adopted 3/5 (p. 552)

HOUSE FILE 2349

H-5152

1 Amend House File 2349 as follows:

2 1. Page 3, by inserting after line 23 the
3 following:

4 "Sec. ____ . Section 99B.7, subsection 3, paragraph
5 a, Code Supplement 1985, is amended to read as
6 follows:

7 3. a. A person wishing to conduct games and
8 raffles pursuant to this section as a qualified
9 organization shall submit an application and a license
10 fee of one hundred dollars. However, upon submission
11 of an application accompanied by a license fee of
12 fifteen dollars, a person may be issued a limited
13 license which shall authorize the person to conduct
14 all games and raffles pursuant to this section at a
15 specified location and during a specified period of
16 fourteen consecutive calendar days. A limited license
17 shall not be issued more than once during any ~~twelve-~~
18 month-period calendar year to the same person, or for
19 the same location. For the purposes of this
20 paragraph, a limited license is deemed to be issued on
21 the first day of the fourteen-day period for which the
22 license is issued."

23 2. Renumber as necessary.

H-5152 FILED FEBRUARY 24, 1986 BY TEAFORD of Black Hawk

Adopted 2/5 (p. 553)

HOUSE FILE 2349
BY COMMITTEE ON STATE GOVERNMENT

(As Amended and Passed by the House March 5, 1986)

Be Passed House, Date 4-24-86 (p. 1760) Passed Senate, Date 4-7-86 (p. 1079)
Vote: Ayes 81 Nays 15 Vote: Ayes 40 Nays 7
Approved May 21, 1986

A BILL FOR

1 An Act relating to games of skill, games of chance, and raffles.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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Conference Committee Appointed 4-29-86
Representatives Powell (Chair), Halverson, Beatty, Seagrist, Van Marren (p. 1364)
Senators Kelsch (Chair), Carr, Horn, Lind, Nyquist (p. 1440)

House Amendments _____

Passed per Conference Committee Report
Senate 5-1-86 (p. 1520) House 4-30-86 (p. 1917)
42-7 79-16

1 Section 1. Section 99B.1, subsection 6, Code 1985, is
2 amended to read as follows:

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

9 Sec. 2. Section 99B.2, subsections 1 and 2, Code 1985, are
10 amended to read as follows:

11 1. The department is the agency responsible for issuing a
12 license required by this chapter. A license shall not be
13 issued, except upon submission to the department of an
14 application on forms furnished by the department, and the
15 required license fee. A license may be issued to an eligible
16 applicant. However, a license shall not be issued to an
17 applicant who has been convicted of or pled guilty to a
18 violation of this chapter, or who has been convicted of or
19 pled guilty to a violation of chapter 123 that resulted, at
20 any time, in revocation of a license issued to the applicant
21 under chapter 123 or that resulted, within the twelve months
22 preceding the date of application for a license required by
23 this chapter, in suspension of a license issued under chapter
24 123. To be eligible for a two year license under section
25 99B.7, an organization shall have been in existence at least
26 five years prior to the date of issuance of the license. A
27 license also shall not be issued for a location for which a
28 previous license issued under this chapter or chapter 123 has
29 been revoked ~~within the preceding two years~~ until the period
30 of the revocation or revocations has elapsed. Except as
31 otherwise provided in this chapter, a license is valid for a
32 period of two years from the date of issue. The license fee
33 is not refundable, but shall be returned to the applicant if
34 an application is not approved. When a bingo license has been
35 issued by the department the licensee shall be notified by the

1 department of the renewal date for the license ten days prior
2 to that date.

3 2. A licensee other than one issued a license pursuant to
4 section 99B.3, 99B.6 or ~~section~~ 99B.9 shall maintain proper
5 books of account and records showing in addition to any other
6 information required by the department, gross receipts and the
7 amount of the gross receipts taxes collected or accrued with
8 respect to gambling activities, all expenses, charges, fees
9 and other deductions, and the cash amounts, or the cost to the
10 licensee of goods or other noncash valuables, distributed to
11 participants in the licensed activity. If the licensee is a
12 qualified organization, the amounts dedicated and the date and
13 name and address of each person to whom distributed also shall
14 be kept in the books and records. The books of account and
15 records shall be made available to the department or a law
16 enforcement agency for inspection at reasonable times, with or
17 without notice. A failure to permit inspection is a serious
18 misdemeanor.

19 Sec. 3. Section 99B.5, subsection 1, paragraphs d and g,
20 Code Supplement 1985, are amended to read as follows:

21 d. Except with respect to an annual raffle as provided in
22 paragraph "g", the cost of each chance in or ticket to the
23 raffle does not exceed one dollar.

24 g. The actual retail value of any prize does not exceed
25 fifty dollars. If a prize consists of more than one item,
26 unit, or part, the aggregate retail value of all items, units,
27 or parts shall not exceed fifty dollars. However, either a
28 fair sponsor or a qualified organization, but not both, may
29 hold one raffle per year at which a merchandise prize having a
30 value not greater than ten thousand dollars as determined by
31 the purchase price paid by the fair sponsor or qualified
32 organization may be awarded.

33 Sec. 4. Section 99B.6, subsection 2, Code 1985, is amended
34 to read as follows:

35 2. The holder of a license issued pursuant to this section

1 ~~shall-be~~ is strictly accountable for maintaining-compliance
2 complying with subsection 1. Proof of ~~any-acts~~ an act
3 constituting a violation ~~shall-be~~ is grounds for revocation of
4 the license issued pursuant to this section if the holder of
5 the license permitted the violation to occur when the licensee
6 knew or had reasonable cause to know of the ~~acts~~ act
7 constituting the violation. ~~The-holder-of-a-license-issued~~
8 ~~pursuant-to-this-section-which-has-its-license-revoked-shall~~
9 ~~not-be-issued-another-license-within-six-months-of-the-date-of~~
10 ~~revocation.~~

11 Sec. 5. Section 99B.7, subsection 1, paragraph m, Code
12 Supplement 1985, is amended to read as follows:

13 m. The person or organization conducting the game can show
14 to the satisfaction of the department that the person or
15 organization is eligible for exemption from federal income
16 taxation under either section 501(c)(3), 501(c)(4), 501(c)(5),
17 501(c)(6), 501(c)(7), 501(c)(8), 501(c)(10) or 501(c)(19) of
18 the Internal Revenue Code of 1954, as defined in section
19 422.3. However, this paragraph does not apply to a political
20 party as defined in section 43.2, to a nonparty political
21 organization that has qualified to place a candidate as its
22 nominee for statewide office pursuant to chapter 44, or to a
23 candidate committee as defined in section 56.2.

24 Sec. 6. Section 99B.7, subsection 3, paragraph a, Code
25 Supplement 1985, is amended to read as follows:

26 3. a. A person wishing to conduct games and raffles
27 pursuant to this section as a qualified organization shall
28 submit an application and a license fee of one hundred
29 dollars. However, upon submission of an application
30 accompanied by a license fee of fifteen dollars, a person may
31 be issued a limited license which shall authorize the person
32 to conduct all games and raffles pursuant to this section at a
33 specified location and during a specified period of fourteen
34 consecutive calendar days. A limited license shall not be
35 issued more than once during any twelve-month-period calendar

1 year to the same person, or for the same location. For the
2 purposes of this paragraph, a limited license is deemed to be
3 issued on the first day of the fourteen-day period for which
4 the license is issued.

5 Sec. 7. Section 99B.7, subsection 3, paragraph b, Code
6 1985, is amended to read as follows:

7 b. A person or the agent of a person submitting
8 application to conduct games pursuant to this section as a
9 qualified organization shall certify that the receipts of all
10 games, less reasonable expenses, charges, fees, taxes, and
11 deductions allowed by this chapter, either will be distributed
12 as prizes to participants or will be dedicated and distributed
13 to educational, civic, public, charitable, patriotic or
14 religious uses in this state and that the amount dedicated and
15 distributed will equal at least seventy-five percent
16 of the net receipts. "Educational, civic, public, charitable,
17 patriotic, or religious uses" means uses benefiting a society
18 for the prevention of cruelty to animals or animal rescue
19 league, or uses benefiting an indefinite number of persons
20 either by bringing them under the influence of education or
21 religion or relieving them from disease, suffering, or
22 constraint, or by erecting or maintaining public buildings or
23 works, or otherwise lessening the burden of government, or
24 uses benefiting any bona fide nationally chartered fraternal
25 or military veterans' corporation or organization which
26 operates in Iowa a clubroom, post, dining room, or dance hall,
27 but do not include the erection, acquisition, improvement,
28 maintenance, or repair of real, personal or mixed property
29 unless it is used for one or more of the uses stated. "Public
30 uses" specifically includes dedication of net receipts to
31 political parties as defined in section 43.2. "Charitable
32 uses" includes uses benefiting a definite number of persons
33 who are the victims of loss of home or household possessions
34 through explosion, fire, flood, or storm when the loss is
35 uncompensated by insurance, and uses benefiting a definite

1 number of persons suffering from a seriously disabling disease
2 or injury, causing severe loss of income or incurring
3 extraordinary medical expense when the loss is uncompensated
4 by insurance.

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

11 Sec. 8. Section 99B.14, unnumbered paragraph 1, Code 1985,
12 is amended to read as follows:

13 The department shall revoke a license issued pursuant to
14 this chapter if the licensee or an agent of the licensee
15 violates or permits a violation of a provision of this
16 chapter, or a departmental rules rule adopted pursuant to
17 chapter 17A, or if any a cause exists for which the director
18 would have been justified in refusing to issue a license, or
19 upon the conviction of any a person of a violation of this
20 chapter or rules a rule adopted under this chapter which
21 occurred on the licensed premises. However, the revocation of
22 one type of gambling license does not require the revocation
23 of a different type of gambling license held by the same
24 licensee.

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HOUSE AMENDMENT TO
SENATE AMENDMENT TO
HOUSE FILE 2349

S-5753

1 Amend the amendment, H-5732, to House File 2349 as
2 amended, passed, and reprinted by the House as
3 follows:

4 1. Page 1, line 30, by inserting after the words
5 "national organization" the following: "and the
6 national organization is a tax-exempt organization
7 under one of the provisions enumerated in section
8 99B.7, subsection 1, paragraph "m",".

9 2. Page 1, line 32, by striking the word "two"
10 and inserting the following: "five".

11 3. Page 2, line 24, by striking the word
12 "awarded" and inserting the following: "offered".

13 4. By striking page 2, line 40 through page 3,
14 line 1.

15 5. Page 3, line 25, by striking the words "at a
16 bingo occasion" and inserting the following: "by a
17 qualified organization during any twenty-four hour
18 period".

19 6. Page 3, by striking lines 37 and 38 and
20 inserting the following: "limited license bingo, no
21 more than three bingo occasions per".

22 7. Page 4, line 12, by inserting after the word
23 "bingo" the following: "and raffles".

24 8. Page 4, by striking lines 22 through 36.

25 9. Page 4, by inserting after line 36 the
26 following:

27 "____. Page 5, by inserting after line 24 the
28 following:

29 "Sec. ____ . NEW SECTION. 99B.21 TAX ON PRIZES.

30 All prizes awarded are Iowa earned income and are
31 subject to state and federal income tax laws. A
32 person conducting a game of skill, game of chance, or
33 a raffle shall deduct state income taxes from a cash
34 prize awarded to an individual in excess of six
35 hundred dollars. An amount deducted from the prize
36 for payment of a state tax shall be remitted to the
37 state department of revenue on behalf of the prize
38 winner.

39 Sec. ____ . Section 422.45, Code Supplement 1985, is
40 amended by adding the following new subsection:

41 NEW SUBSECTION. 32. Gross sale from the sale of
42 raffle tickets for a raffle licensed pursuant to
43 section 99B.5."

44 10. Page 4, by striking lines 37 through 43.

45 11. Renumber as necessary.

S-5753 Filed April 25, 1986 REC'D FROM THE HOUSE

Senate referred to Comm 4/25 (y. 1866)
House inserted 4/29 (y. 1864)

HOUSE FILE 2349

S-5469

1 Amend House File 2349 as amended, passed, and
2 reprinted by the House as follows:

3 1. By striking page 1, line 11 through page 2,
4 line 2 and inserting the following:

5 "1. The department is the agency responsible for
6 issuing a license required by this chapter. A license
7 shall not be issued, except upon submission to the
8 department of an application on forms furnished by the
9 department, and the required license fee. A license
10 may be issued to an eligible applicant. However, a
11 license shall not be issued to an applicant who has
12 been convicted of or pled guilty to a violation of
13 this chapter, or who has been convicted of or pled
14 guilty to a violation of chapter 123 that resulted, at
15 any time, in revocation of a license issued to the
16 applicant under chapter 123 or that resulted, within
17 the twelve months preceding the date of application
18 for a license required by this chapter, in suspension
19 of a license issued under chapter 123. To be eligible
20 for a two year license under section 99B.7, an
21 organization shall have been in existence at least
22 five years prior to the date of issuance of the
23 license. However, an organization which has been in
24 existence for less than five years prior to the date
25 of issuance of the license may obtain a two-year
26 license if either of the following conditions apply:

27 a. That prior to July 1, 1984, the organization
28 was licensed under this subsection.

29 b. If the organization is a local chapter of a
30 national organization, then the local organization is
31 eligible for a two-year license if the national
32 organization has been in existence at least two years.

33 A license also shall not be issued for a location for
34 which a previous license issued under this chapter or
35 chapter 123 has been revoked within-the-preceding-two
36 years until the period of the revocation or
37 revocations has elapsed. Except as otherwise provided
38 in this chapter, a license is valid for a period of
39 two years from the date of issue. The license fee is
40 not refundable, but shall be returned to the applicant
41 if an application is not approved. When a bingo
42 license has been issued by the department the licensee
43 shall be notified by the department of the renewal
44 date for the license ten days prior to that date."

45 2. Page 2, line 19, by striking the word and
46 letters "d and g" and inserting the following: "b, d,
47 e, and g".

48 3. Page 2, by inserting after line 20 the
49 following:

50 "b. The sponsor of the fair or the qualified

S-5469 Page 2

1 organization has submitted a license application and a
2 fee of fifteen thirty dollars for each raffle, has
3 been issued a license, and prominently displays the
4 license at the drawing area of the raffle."

5 4. Page 2, by inserting after line 23 the
6 following:

7 "e. Cash Except with respect to an annual raffle
8 as provided in paragraph "g", cash prizes are not
9 awarded and merchandise prizes are not repurchased."

10 5. Page 2, line 29, by inserting after the word
11 "per" the following: "calendar".

12 6. Page 2, line 29, by striking the word
13 "merchandise" and inserting the following:
14 "merchandise".

15 7. Page 2, by striking lines 30 through 32 and
16 inserting the following: "value not greater than ten
17 twenty thousand dollars as may be awarded. If the
18 prize is merchandise, its value shall be determined by
19 the purchase price paid by the fair may-be-awarded
20 sponsor or qualified organization."

21 8. Page 2, by inserting after line 32 the
22 following:

23 "Sec. ____ . Section 99B.6, subsection 1, unnumbered
24 paragraph 1, Code 1985, as amended by 1986 Iowa Acts,
25 House File 2017, section 1, is amended to read as
26 follows:

27 Except as provided in subsection subsections 5 and
28 6, gambling is unlawful on premises for which a class
29 "A", class "B", class "C", or class "D" liquor control
30 license, or class "B" beer permit has been issued
31 pursuant to chapter 123 unless all of the following
32 are complied with:".

33 9. Page 3, by inserting after line 10 the
34 following:

35 "Sec. ____ . Section 99B.6, Code 1985, as amended by
36 1986 Iowa Acts, House File 2017, sections 1 and 2, is
37 amended by adding the following new subsection:

38 NEW SUBSECTION. 6. A qualified organization may
39 conduct games of skill, games of chance, or raffles
40 pursuant to section 99B.7 in an establishment that
41 serves or sells alcoholic beverages, wine, or beer as
42 defined in section 123.3 if the alcoholic beverage,
43 wine, or beer is not served at any time while the
44 games are being conducted on the premises."

45 10. Page 3, line 11, by striking the word and
46 letter "paragraph m" and inserting the following:
47 "paragraphs c, d, and m".

48 11. Page 3, line 12, by striking the word "is"
49 and inserting the following: "are".

50 12. Page 3, by inserting after line 12 the

S-5469 Page 3

1 following:

2 "c. Cash or merchandise prizes may be awarded in
3 the game of bingo and shall not exceed one hundred
4 dollars. -- Merchandise prizes may be awarded in the
5 game of bingo, however, the actual retail value of the
6 prize, or if the prize consists of more than one item,
7 unit or part, the aggregate retail value of all items,
8 units or parts, shall not exceed one hundred dollars.
9 A jackpot bingo game may be conducted once during any
10 twenty-four hour period in which the prize may be
11 increased by not more than one hundred dollars after
12 each day's game. -- However, the cost of play in a
13 jackpot bingo game shall not be increased and the
14 jackpot shall not amount to more than five hundred
15 dollars in cash or actual retail value of merchandise
16 prizes. -- A jackpot bingo game is not prohibited by
17 paragraph "h". The aggregate retail value of any
18 merchandise or cash awarded at a bingo occasion shall
19 not exceed two thousand two hundred fifty dollars with
20 a maximum of five hundred dollars in value for any one
21 game. A bingo occasion shall not last for longer than
22 four consecutive hours. A qualified organization
23 shall not hold more than fourteen bingo occasions per
24 month. Bingo occasions held under a limited license
25 shall not be counted in determining whether a
26 qualified organization has conducted more than
27 fourteen bingo occasions per month, nor shall bingo
28 occasions held under a limited license be limited to
29 four consecutive hours. With the exception of a
30 limited license bingo, or as permitted pursuant to
31 section 99B.9A, no more than three bingo occasions per
32 week shall be held within a structure or building and
33 only one person licensed to conduct games under this
34 section may hold bingo occasions within a structure or
35 building.

36 PARAGRAPH DIVIDED. However, a qualified
37 organization, which is a senior citizens' center or a
38 residents' council at a senior citizen housing project
39 or a group home, may hold more than fourteen bingo
40 occasions per month and more than three bingo
41 occasions per week within the same structure or
42 building, and bingo occasions conducted by such a
43 qualified organization may last for longer than four
44 consecutive hours, if the majority of the patrons of
45 the qualified organization's bingo occasions also
46 participate in other activities of the senior
47 citizens' center or are residents of the housing
48 project. At the conclusion of each bingo occasion,
49 the person conducting the game shall announce both the
50 gross receipts received from the bingo occasion and

1 the use permitted under subsection 3, paragraph "b",
2 to which the net receipts of the bingo occasion will
3 be dedicated and distributed.

4 d. Cash prizes shall not be awarded in games other
5 than bingo. The actual retail value of any
6 merchandise prizes shall not exceed fifty dollars and
7 merchandise prizes shall not be repurchased. However,
8 one raffle may be conducted ~~in-a-twelve-month-period~~
9 per calendar year at which a merchandise prize having
10 a value not greater than ten twenty thousand dollars
11 as-determined-by-purchase-price-paid-by-the
12 organization-or-donor may be awarded. If the prize is
13 merchandise, its value shall be determined by purchase
14 price paid by the organization or donor."

15 13. Page 5, by inserting after line 10 the
16 following:

17 "Sec. ____ . Section 99B.9A, Code 1985, is amended
18 to read as follows:

19 99B.9A EXCEPTIONS FOR CERTAIN AREAS.

20 The department may, at its discretion, allow a
21 qualified organization under section 99B.7 to hold a
22 game of bingo in a building where another qualified
23 organization also holds a game of bingo or where the
24 building is adjacent, but not intraconnected, with an
25 establishment holding a liquor license and-the
26 ~~building-is-located-in-a-municipality-of-a-recorded~~
27 ~~census-of-less-than-two-thousand-people-and-the~~
28 ~~municipality-is-not-located-adjacent-to-another~~
29 ~~municipality."~~

30 14. Renumber, as necessary.

S-5469 Filed March 27, 1986 BY WELSH, RIFE, HORN

Adopted as amended by 5470 7/7 (p. 1078)

HOUSE FILE 2349

S-5436

1 Amend House File 2349 as amended, passed and
2 reprinted by the House as follows:

3 1. Page 5, by inserting after line 10 the
4 following:

5 "Sec. ____ Section 998.13, Code 1985, is amended
6 by adding the following new subsection:

7 NEW SUBSECTION. 5. Providing that a person
8 conducting a game of skill, game of chance, or a
9 raffle under this chapter and who gives merchandise
10 prizes shall not be required to pay sales tax pursuant
11 to chapter 422 when purchasing the merchandise for the
12 prize."

13 2. Renumber as necessary.

S-5436 Filed March 24, 1986

BY GRONSTAL

Rule 107 passed 4/7 (1078)

HOUSE FILE 2349

S-5460

1 Amend House File 2349 as amended, passed and
2 reprinted by the House as follows:

3 1. Page 1, lines 7 and 8, by striking the words
4 "twenty-five thirty" and inserting the following:
5 "twenty-five".

6 2. Page 1, line 30, by inserting after the word
7 "elapsed." the following: "A license shall not be
8 issued to an individual whose previous license issued
9 under this chapter or chapter 123 has been revoked
10 until the period of revocation or revocations has
11 elapsed. This prohibition applies even though the
12 individual has created a different legal entity than
13 the one to which the previous license that had been
14 revoked was issued."

15 3. By striking page 4, line 5, through page 5,
16 line 10.

17 4. Renumber as necessary.

S-5460 filed March 26, 1986

BY DIELEMAN

7/10 4/7 (1078)

HOUSE FILE 2349

S-5470

1 Amend amendment S-5469 to House File 2349 as
2 amended, passed and reprinted by the House as
3 follows:

4 1. Page 1, line 37, by inserting after the word
5 "elapsed." the following: "A license shall not be
6 issued to an individual whose previous license issued
7 under this chapter or chapter 123 has been revoked
8 until the period of revocation or revocations has
9 elapsed. This prohibition applies even though the
10 individual has created a different legal entity than
11 the one to which the previous license that had been
12 revoked was issued."

S-5470 Filed March 27, 1986 BY DIELEMAN

Adopted 4/7 (p 10 75)

HOUSE FILE 2349

S-5472

1 Amend House File 2349 as amended, passed and
2 reprinted by the House as follows:

3 1. Page 5, by inserting after line 24 the
4 following new section:
5 "Sec. ____ . This Act, being deemed of immediate
6 importance, takes effect from and after its
7 publication in The Cascade Pioneer-Advertiser, a
8 newspaper published in Cascade, Iowa, and in the
9 Advocate News, a newspaper published in Wilton, Iowa."
10 2. Renumber sections and correct internal
11 references as necessary in accordance with this
12 amendment.

S-5472 Filed March 27, 1986 BY WELSH

Adopted 4/7 (p 10 78)

SENATE AMENDMENT TO HOUSE FILE 2349

H-5732

Amend House File 2349 as amended, passed, and reprinted by the House as follows:

1. By striking page 1, line 11 through page 2, line 2 and inserting the following:

"1. The department is the agency responsible for issuing a license required by this chapter. A license shall not be issued, except upon submission to the department of an application on forms furnished by the department, and the required license fee. A license may be issued to an eligible applicant. However, a license shall not be issued to an applicant who has been convicted of or pled guilty to a violation of this chapter, or who has been convicted of or pled guilty to a violation of chapter 123 that resulted, at any time, in revocation of a license issued to the applicant under chapter 123 or that resulted, within the twelve months preceding the date of application for a license required by this chapter, in suspension of a license issued under chapter 123. To be eligible for a two year license under section 99B.7, an organization shall have been in existence at least five years prior to the date of issuance of the license. However, an organization which has been in existence for less than five years prior to the date of issuance of the license may obtain a two-year license if either of the following conditions apply:

a. That prior to July 1, 1984, the organization was licensed under this subsection.

b. If the organization is a local chapter of a national organization, then the local organization is eligible for a two-year license if the national organization has been in existence at least two years.

A license also shall not be issued for a location for which a previous license issued under this chapter or chapter 123 has been revoked within-the-preceding-two years until the period of the revocation or revocations has elapsed. A license shall not be issued to an individual whose previous license issued under this chapter or chapter 123 has been revoked until the period of revocation or revocations has elapsed. This prohibition applies even though the individual has created a different legal entity than the one to which the previous license that had been revoked was issued. Except as otherwise provided in this chapter, a license is valid for a period of two years from the date of issue. The license fee is not refundable, but shall be returned to the applicant if an application is not approved. When a bingo license has been issued by the department the licensee shall be notified by the department of the renewal date for

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Page Two

1 the license ten days prior to that date."

2 2. Page 2, line 19, by striking the word and
3 letters "d and g" and inserting the following: "b, d,
4 e, and g".

5 3. Page 2, by inserting after line 20 the
6 following:

7 "b. The sponsor of the fair or the qualified
8 organization has submitted a license application and a
9 fee of ~~fifteen~~ thirty dollars for each raffle, has
10 been issued a license, and prominently displays the
11 license at the drawing area of the raffle."

12 4. Page 2, by inserting after line 23 the
13 following:

14 "e. Cash Except with respect to an annual raffle
15 as provided in paragraph "g", cash prizes are not
16 awarded and merchandise prizes are not repurchased."

17 5. Page 2, line 29, by inserting after the word
18 "per" the following: "calendar".

19 6. Page 2, line 29, by striking the word
20 "merchandise" and inserting the following:
21 "merchandise".

22 7. Page 2, by striking lines 30 through 32 and
23 inserting the following: "value not greater than ten
24 twenty thousand dollars as may be awarded. If the
25 prize is merchandise, its value shall be determined by
26 the purchase price paid by the fair may-be-awarded
27 sponsor or qualified organization."

28 8. Page 2, by inserting after line 32 the
29 following:

30 "Sec. ____ . Section 99B.6, subsection 1, unnumbered
31 paragraph 1, Code 1985, as amended by 1986 Iowa Acts,
32 House File 2017, section 1, is amended to read as
33 follows:

34 Except as provided in subsection subsections 5 and
35 6, gambling is unlawful on premises for which a class
36 "A", class "B", class "C", or class "D" liquor control
37 license, or class "B" beer permit has been issued
38 pursuant to chapter 123 unless all of the following
39 are complied with:".

40 9. Page 3, by inserting after line 10 the
41 following:

42 "Sec. ____ . Section 99B.6, Code 1985, as amended by
43 1986 Iowa Acts, House File 2017, sections 1 and 2, is
44 amended by adding the following new subsection:

45 NEW SUBSECTION. 6. A qualified organization may
46 conduct games of skill, games of chance, or raffles
47 pursuant to section 99B.7 in an establishment that
48 serves or sells alcoholic beverages, wine, or beer as
49 defined in section 123.3 if the alcoholic beverage,
50 wine, or beer is not served at any time while the

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Page Three

1 games are being conducted on the premises."

2 10. Page 3, line 11, by striking the word and
3 letter "paragraph m" and inserting the following:
4 "paragraphs c, d, and m".

5 11. Page 3, line 12, by striking the word "is"
6 and inserting the following: "are".

7 12. Page 3, by inserting after line 12 the
8 following:

9 "c. Cash or merchandise prizes may be awarded in
10 the game of bingo and ~~shall not exceed one hundred~~
11 ~~dollars. Merchandise prizes may be awarded in the~~
12 ~~game of bingo, however, the actual retail value of the~~
13 ~~prize, or if the prize consists of more than one item,~~
14 ~~unit or part, the aggregate retail value of all items,~~
15 ~~units or parts, shall not exceed one hundred dollars.~~
16 ~~A jackpot bingo game may be conducted once during any~~
17 ~~twenty-four hour period in which the prize may be~~
18 ~~increased by not more than one hundred dollars after~~
19 ~~each day's game. However, the cost of play in a~~
20 ~~jackpot bingo game shall not be increased and the~~
21 ~~jackpot shall not amount to more than five hundred~~
22 ~~dollars in cash or actual retail value of merchandise~~
23 ~~prizes. A jackpot bingo game is not prohibited by~~
24 ~~paragraph "h".~~ The aggregate retail value of any
25 merchandise or cash awarded at a bingo occasion shall
26 not exceed two thousand two hundred fifty dollars with
27 a maximum of five hundred dollars in value for any one
28 game. A bingo occasion shall not last for longer than
29 four consecutive hours. A qualified organization
30 shall not hold more than fourteen bingo occasions per
31 month. Bingo occasions held under a limited license
32 shall not be counted in determining whether a
33 qualified organization has conducted more than
34 fourteen bingo occasions per month, nor shall bingo
35 occasions held under a limited license be limited to
36 four consecutive hours. With the exception of a
37 limited license bingo, or as permitted pursuant to
38 section 99B.9A, no more than three bingo occasions per
39 week shall be held within a structure or building and
40 only one person licensed to conduct games under this
41 section may hold bingo occasions within a structure or
42 building.

43 PARAGRAPH DIVIDED. However, a qualified
44 organization, which is a senior citizens' center or a
45 residents' council at a senior citizen housing project
46 or a group home, may hold more than fourteen bingo
47 occasions per month and more than three bingo
48 occasions per week within the same structure or
49 building, and bingo occasions conducted by such a
qualified organization may last for longer than four

H-5732

Page Four

1 consecutive hours, if the majority of the patrons of
2 the qualified organization's bingo occasions also
3 participate in other activities of the senior
4 citizens' center or are residents of the housing
5 project. At the conclusion of each bingo occasion,
6 the person conducting the game shall announce both the
7 gross receipts received from the bingo occasion and
8 the use permitted under subsection 3, paragraph "b",
9 to which the net receipts of the bingo occasion will
10 be dedicated and distributed.

11 d. Cash prizes shall not be awarded in games other
12 than bingo. The actual retail value of any
13 merchandise prizes shall not exceed fifty dollars and
14 merchandise prizes shall not be repurchased. However,
15 one raffle may be conducted ~~in-a-twelve-month-period~~
16 per calendar year at which a merchandise prize having
17 a value not greater than ~~ten~~ twenty thousand dollars
18 ~~as-determined-by-purchase-price-paid-by-the~~
19 ~~organization-or-donor~~ may be awarded. If the prize is
20 merchandise, its value shall be determined by purchase
21 price paid by the organization or donor."

22 13. Page 5, by inserting after line 10 the
23 following:

24 "Sec. ____ Section 99B.9A, Code 1985, is amended
25 to read as follows:

26 99B.9A EXCEPTIONS FOR CERTAIN AREAS.

27 The department may, at its discretion, allow a
28 qualified organization under section 99B.7 to hold a
29 game of bingo in a building where another qualified
30 organization also holds a game of bingo or where the
31 building is adjacent, but not intraconnected, with an
32 establishment holding a liquor license ~~and-the~~
33 ~~building-is-located-in-a-municipality-of-a-recorded~~
34 ~~census-of-less-than-two-thousand-people-and-the~~
35 ~~municipality-is-not-located-adjacent-to-another~~
36 ~~municipality."~~

37 14. Page 5, by inserting after line 24 the
38 following new section:

39 "Sec. ____ This Act, being deemed of immediate
40 importance, takes effect from and after its
41 publication in The Cascade Pioneer-Advertiser, a
42 newspaper published in Cascade, Iowa, and in the
43 Advocate News, a newspaper published in Wilton, Iowa."

44 15. By renumbering, relettering, or redesignating
45 and correcting internal references as necessary.

H-5732 FILED APRIL 7, 1986

RECEIVED FROM THE SENATE

House amended - concurred 4/24 (J 1759)

H-5862

1 Amend the amendment, H-5732, to House File 2349 as
2 amended, passed, and reprinted by the House as
3 follows:

4 1. Page 1, line 30, by inserting after the words
5 "national organization" the following: "and the
6 national organization is a tax-exempt organization
7 under one of the provisions enumerated in section
8 99B.7, subsection 1, paragraph "m",".

9 2. Page 1, line 32, by striking the word "two"
10 and inserting the following: "five".

11 3. Page 2, line 24, by striking the word
12 "awarded" and inserting the following: "offered".

13 4. By striking page 2, line 40 through page 3,
14 line 1.

15 5. Page 3, line 25, by striking the words "at a
16 bingo occasion" and inserting the following: "by a
17 qualified organization during any twenty-four hour
18 period".

19 6. Page 3, by striking lines 37 and 38 and
20 inserting the following: "limited license bingo, no
21 more than three bingo occasions per".

22 7. Page 4, line 12, by inserting after the word
23 "bingo" the following: "and raffles".

24 8. Page 4, by striking lines 22 through 36.

25 9. Page 4, by inserting after line 36 the
26 following:

27 "____. Page 5, by inserting after line 24 the
28 following:

29 "Sec. ____ . NEW SECTION. 99B.21 TAX ON PRIZES.

30 All prizes awarded are Iowa earned income and are
31 subject to state and federal income tax laws. An
32 amount deducted from the prize for payment of a state
33 tax shall be remitted to the state department of
34 revenue on behalf of the prize winner.

35 Sec. ____ . Section 422.45, Code Supplement 1985, is
36 amended by adding the following new subsection:

37 NEW SUBSECTION. 32. Gross sale from the sale of
38 raffle tickets for a raffle licensed pursuant to
39 section 99B.5.""

40 10. Page 4, by striking lines 37 through 43.

41 11. Renumber as necessary.

H-5862 FILED APRIL 18, 1986 BY DAVICH of Ottumwa

4/18 4/24 (p. 1758)

HOUSE FILE 2349

5850

1 Amend the amendment, H-5732, to House File 2349 as
 2 amended, passed, and reprinted by the House as
 3 follows:

4 1. Page 1, line 30, by inserting after the words
 5 "national organization" the following: "and the
 6 national organization is a tax-exempt organization
 7 under one of the provisions enumerated in section
 8 99B.7, subsection 1, paragraph "m",".

9 2. Page 1, line 32, by striking the word "two"
 10 and inserting the following: "five".

11 3. Page 2, line 24, by striking the word
 12 "awarded" and inserting the following: "offered".

13 4. By striking page 2, line 40 through page 3,
 14 line 1.

15 5. Page 3, line 25, by striking the words "at a
 16 bingo occasion" and inserting the following: "by a
 17 qualified organization during any twenty-four hour
 18 period".

19 6. Page 3, by striking lines 37 and 38 and
 20 inserting the following: "limited license bingo, no
 21 more than three bingo occasions per".

22 7. Page 4, by striking lines 22 through 36.

23 8. Page 4, by inserting after line 36 the
 24 following:

25 " . Page 5, by inserting after line 10 the
 26 following:

27 "Sec. . Section 99B.13, Code 1985, is amended
 28 by adding the following new subsections:

29 NEW SUBSECTION. 5. Defining what constitutes a
 30 cash prize.

31 NEW SUBSECTION. 6. Providing that a person
 32 conducting a game of skill, game of chance, or a
 33 raffle under this chapter and who gives merchandise
 34 prizes shall not be required to pay sales tax pursuant
 35 to chapter 422 when purchasing the merchandise for the
 36 prize.

37 Sec. . NEW SECTION. 99B.21 TAX ON PRIZES.

38 All prizes awarded are Iowa earned income and are
 39 subject to state and federal income tax laws. An
 40 amount deducted from the prize for payment of a state
 41 tax shall be remitted to the state department of
 42 revenue on behalf of the prize winner."

43 9. Page 4, by striking lines 37 through 43.

44 10. Renumber as necessary.

H-5850 FILED APRIL 17, 1986 BY PAVICH of Pottawattamie

7/27 4/24 (p. 1758)

HOUSE FILE 2349

H-5872

1 Amend the amendment, H-5732, to House File 2349 as
2 amended, passed, and reprinted by the House as
3 follows:

4 1. Page 1, line 30, by inserting after the words
5 "national organization" the following: "and the
6 national organization is a tax-exempt organization
7 under one of the provisions enumerated in section
8 99B.7, subsection 1, paragraph "m",".

9 2. Page 1, line 32, by striking the word "two"
10 and inserting the following: "five".

11 3. Page 2, line 24, by striking the word
12 "awarded" and inserting the following: "offered".

13 4. By striking page 2, line 40 through page 3,
14 line 1.

15 5. Page 3, line 25, by striking the words "at a
16 bingo occasion" and inserting the following: "by a
17 qualified organization during any twenty-four hour
18 period".

19 6. Page 3, by striking lines 37 and 38 and
20 inserting the following: "limited license bingo, no
21 more than three bingo occasions per".

22 7. Page 4, line 12, by inserting after the word
23 "bingo" the following: "and raffles".

24 8. Page 4, by striking lines 22 through 36.

25 9. Page 4, by inserting after line 36 the
26 following:

27 " . Page 5, by inserting after line 24 the
28 following:

29 "Sec. . NEW SECTION. 99B.21 TAX ON PRIZES.

30 All prizes awarded are Iowa earned income and are
31 subject to state and federal income tax laws. A
32 person conducting a game of skill, game of chance, or
33 a raffle shall deduct state income taxes from a cash
34 prize awarded to an individual in excess of six
35 hundred dollars. An amount deducted from the prize
36 for payment of a state tax shall be remitted to the
37 state department of revenue on behalf of the prize
38 winner.

39 Sec. . Section 422.45, Code Supplement 1985, is
40 amended by adding the following new subsection:

41 NEW SUBSECTION. 32. Gross sale from the sale of
42 raffle tickets for a raffle licensed pursuant to
43 section 99B.5."

44 10. Page 4, by striking lines 37 through 43.

45 11. Renumber as necessary.

H-5872 FILED APRIL 21, 1986 BY PAVICH of Pottawattamie

O. Dept. 4/24 (p. 1759)

REPORT OF THE CONFERENCE COMMITTEE
ON HOUSE FILE 2349

To the Speaker of the House of Representatives and the President of the Senate:

We, the undersigned members of the Conference Committee appointed to resolve the differences between the House of Representatives and the Senate on House File 2349, a bill for an Act relating to games of skill, games of chance, and raffles, respectfully make the following report:

1. That the House recede from its amendment.
2. That the Senate amendment, H-5732, to House File 2349 as amended, passed, and reprinted by the House, be amended as follows:

1. Page 1, line 30, by inserting after the words "national organization" the following: "and the national organization is a tax-exempt organization under one of the provisions enumerated in section 99B.7, subsection 1, paragraph "m",".

2. Page 1, line 32, by striking the word "two" and inserting the following: "five".

3. Page 2, line 24, by striking the word "awarded" and inserting the following: "offered".

4. By striking page 2, line 49 through page 3, line 1 and inserting the following: "defined in section 123.3 if the games or raffles are conducted pursuant to this chapter or rules adopted pursuant to this chapter."

5. Page 3, by striking lines 10 through 28 and inserting the following: "the game of bingo and shall not exceed one hundred dollars. Merchandise prizes may be awarded in the game of bingo, however, the actual retail value of the prize, or if the prize consists of more than one item, unit or part, the aggregate retail value of all items, units or parts, shall not exceed one hundred dollars. A jackpot bingo game may be conducted once during any twenty-four hour period in which the

Page Two, Conference Committee Report House File 2349

prize may be increased by not more than one hundred dollars after each day's game. However, the cost of play in a jackpot bingo game shall not be increased and the jackpot shall not amount to more than five seven hundred fifty dollars in cash or actual retail value of merchandise prizes. A jackpot bingo game is not prohibited by paragraph "h". A bingo occasion shall not last for longer than".

6. Page 3, by striking lines 37 and 38 and inserting the following: "limited license bingo, no more than three bingo occasions per".

7. Page 4, line 12, by inserting after the word "bingo" the following: "and raffles".

8. Page 4, by inserting after line 23 the following:

"Sec. ____ . Section 99B.8, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 4. However, an organization may sponsor one or more game nights using play money for participation by students without the organization obtaining a license otherwise required by this section if the organization obtains prior approval for the game night from the board of directors of the accredited public school or the authorities in charge of the nonpublic school accredited by the state board of education for whose students the game night is to be held."

9. Page 4, by striking lines 24 through 36.

10. Page 4, by inserting after line 36 the following:

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

"Sec. ____ . NEW SECTION. 99B.21 TAX ON PRIZES.

All prizes awarded are Iowa earned income and are subject to state and federal income tax laws. A person conducting a game of skill, game of chance, or a raffle shall deduct state income taxes from a cash prize awarded to an individual in excess of six hundred dollars. An amount deducted from the prize for payment of a state tax shall be remitted to the state department of revenue on behalf of the prize winner.

Page Threc, Conference Committee Report, House File 2349

Sec. ____ . Section 422.45, Code Supplement 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 32. Gross sale from the sale of raffle tickets for a raffle licensed pursuant to section 99B.5."

11. Page 4, by inserting after line 43 the following:

" ____ . Title page, line 1, by inserting after the word "raffles" the following: "and providing an effective date"."

ON THE PART OF THE HOUSE:

ON THE PART OF THE SENATE:

Emil S. Pavich, Chair
Linda L. Beatty
Rod Halvorson
J. Brent Siegrist
FILED APRIL 30, 1986
ADOPTED

Bob Carr, Chair
Wally E. Horn
Jim Lind
John N. Nystrom
Joe J. Welsh

House adopted 4/30 (p 1417)
Senate adopted 5/1 (p 1500)

NSB 576

Study Bill 576

State Government: Pavich, Chair; Beatty and Van Maanen.

STATE GOVERNMENT

Sub Committee
Pavich, Chair; Beatty - Van Maanen

now
HF 2349

SENATE/HOUSE FILE 2349

BY (PREFILED DEPARTMENT OF REVENUE BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to games of skill, games of chance, and raffles.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 99B.1, subsection 6, Code 1985, is
2 amended to read as follows:

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

9 Sec. 2. Section 99B.2, subsections 1 and 2, Code 1985, are
10 amended to read as follows:

11 1. The department is the agency responsible for issuing a
12 license required by this chapter. A license shall not be
13 issued, except upon submission to the department of an
14 application on forms furnished by the department, and the
15 required license fee. A license may be issued to an eligible
16 applicant. However, a license shall not be issued to an
17 applicant who has been convicted of or pled guilty to a
18 violation of this chapter, or who has been convicted of or
19 pled guilty to a violation of chapter 123 that resulted, at
20 any time, in revocation of a license issued to the applicant
21 under chapter 123 or that resulted, within the twelve months
22 preceding the date of application for a license required by
23 this chapter, in suspension of a license issued under chapter
24 123. To be eligible for a two year license under section
25 99B.7, an organization shall have been in existence at least
26 five years prior to the date of issuance of the license. A
27 license also shall not be issued for a location for which a
28 previous license issued under this chapter or chapter 123 has
29 been revoked ~~within-the-preceding-two-years~~ until the period
30 of the revocation or revocations has elapsed. Except as
31 otherwise provided in this chapter, a license is valid for a
32 period of two years from the date of issue. The license fee
33 is not refundable, but shall be returned to the applicant if
34 an application is not approved. When a bingo license has been
35 issued by the department the licensee shall be notified by the

1 department of the renewal date for the license ten days prior
2 to that date.

3 2. A licensee other than one issued a license pursuant to
4 section 99B.3, 99B.6 or section 99B.9 shall maintain proper
5 books of account and records showing in addition to any other
6 information required by the department, gross receipts and the
7 amount of the gross receipts taxes collected or accrued with
8 respect to gambling activities, all expenses, charges, fees
9 and other deductions, and the cash amounts, or the cost to the
10 licensee of goods or other noncash valuables, distributed to
11 participants in the licensed activity. If the licensee is a
12 qualified organization, the amounts dedicated and the date and
13 name and address of each person to whom distributed also shall
14 be kept in the books and records. The books of account and
15 records shall be made available to the department or a law
16 enforcement agency for inspection at reasonable times, with or
17 without notice. A failure to permit inspection is a serious
18 misdemeanor.

19 Sec. 3. Section 99B.5, subsection 1, paragraphs d and g,
20 Code Supplement 1985, are amended to read as follows:

21 d. Except with respect to an annual raffle as provided in
22 paragraph "g", the cost of each chance in or ticket to the
23 raffle does not exceed one dollar.

24 g. The actual retail value of any prize does not exceed
25 fifty dollars. If a prize consists of more than one item,
26 unit, or part, the aggregate retail value of all items, units,
27 or parts shall not exceed fifty dollars. However, either a
28 fair sponsor or a qualified organization, but not both, may
29 hold one raffle per year at which a merchandise prize having a
30 value not greater than ten thousand dollars as determined by
31 the purchase price paid by the fair sponsor or qualified
32 organization may be awarded.

33 Sec. 4. Section 99B.6, subsection 2, Code 1985, is amended
34 to read as follows:

35 2. The holder of a license issued pursuant to this section

1 ~~shall-be~~ is strictly accountable for ~~maintaining-compliance~~
2 complying with subsection 1. Proof of ~~any-acts~~ an act
3 constituting a violation ~~shall-be~~ is grounds for revocation of
4 the license issued pursuant to this section if the holder of
5 the license permitted the violation to occur when the licensee
6 knew or had reasonable cause to know of the ~~acts~~ act
7 constituting the violation. ~~The-holder-of-a-license-issued~~
8 ~~pursuant-to-this-section-which-has-its-license-revoked-shall~~
9 ~~not-be-issued-another-license-within-six-months-of-the-date-of~~
10 ~~revocation:~~

11 Sec. 5. Section 99B.7, subsection 1, paragraph m, Code
12 Supplement 1985, is amended to read as follows:

13 m. The person or organization conducting the game can show
14 to the satisfaction of the department that the person or
15 organization is eligible for exemption from federal income
16 taxation under either section 501(c)(3), 501(c)(4), 501(c)(5),
17 501(c)(6), 501(c)(7), 501(c)(8), 501(c)(10) or 501(c)(19) of
18 the Internal Revenue Code of 1954, as defined in section
19 422.3. However, this paragraph does not apply to a political
20 party as defined in section 43.2, to a nonparty political
21 organization that has qualified to place a candidate as its
22 nominee for statewide office pursuant to chapter 44, or to a
23 candidate committee as defined in section 56.2.

24 Sec. 6. Section 99B.14, unnumbered paragraph 1, Code 1985,
25 is amended to read as follows:

26 The department shall revoke a license issued pursuant to
27 this chapter if the licensee or an agent of the licensee
28 violates or permits a violation of a provision of this
29 chapter, or a departmental ~~rules~~ rule adopted pursuant to
30 chapter 17A, or if any a cause exists for which the director
31 would have been justified in refusing to issue a license, or
32 upon the conviction of any a person of a violation of this
33 chapter or ~~rules~~ a rule adopted under this chapter which
34 occurred on the licensed premises. However, the revocation of
35 one type of gambling license does not require the revocation

1 of a different type of gambling license held by the same
2 licensee.

3 EXPLANATION

4 The bill amends chapter 99B to provide that a local option
5 sales tax is a deduction in determining net receipts and is
6 not included in determining the limitation on reasonable
7 expenses, to limit the period of time gambling may not be
8 conducted at a particular location to the length of the
9 gambling or liquor license revocation, to remove the quarterly
10 reporting requirement for amusement concessions, to remove the
11 price limitation on a once-a-year raffle held at a fair and to
12 clarify that it may be conducted either by the fair sponsor or
13 a qualified organization but not both, to provide for
14 consistent license revocation time periods, to expand the
15 types of qualified organizations which can apply for a
16 license, and to provide that the revocation of one type of
17 gambling license does not require the revocation of a
18 different type held by the same licensee.

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HOUSE FILE 2349

AN ACT

RELATING TO GAMES OF SKILL, GAMES OF CHANCE, AND RAFFLES AND
PROVIDING AN EFFECTIVE DATE.

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

Section 1. Section 99B.1, subsection 6, Code 1985, is amended to read as follows:

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

Sec. 2. Section 99B.2, subsections 1 and 2, Code 1985, are amended to read as follows:

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

than five years prior to the date of issuance of the license may obtain a two-year license if either of the following conditions apply:

a. That prior to July 1, 1984, the organization was licensed under this subsection.

b. If the organization is a local chapter of a national organization and the national organization is a tax-exempt organization under one of the provisions enumerated in section 99B.7, subsection 1, paragraph "m", then the local organization is eligible for a two-year license if the national organization has been in existence at least five years.

A license also shall not be issued for a location for which a previous license issued under this chapter or chapter 123 has been revoked within-the-preceding-two-years until the period of the revocation or revocations has elapsed. A license shall not be issued to an individual whose previous license issued under this chapter or chapter 123 has been revoked until the period of revocation or revocations has elapsed. This prohibition applies even though the individual has created a different legal entity than the one to which the previous license that had been revoked was issued. Except as otherwise provided in this chapter, a license is valid for a period of two years from the date of issue. The license fee is not refundable, but shall be returned to the applicant if an application is not approved. When a bingo license has been issued by the department the licensee shall be notified by the department of the renewal date for the license ten days prior to that date.

2. A licensee other than one issued a license pursuant to section 99B.3, 99B.6 or section 99B.9 shall maintain proper books of account and records showing in addition to any other information required by the department, gross receipts and the amount of the gross receipts taxes collected or accrued with respect to gambling activities, all expenses, charges, fees and other deductions, and the cash account, to the post to the

licensee of goods or other noncash valuables, distributed to participants in the licensed activity. If the licensee is a qualified organization, the amounts dedicated and the date and name and address of each person to whom distributed also shall be kept in the books and records. The books of account and records shall be made available to the department or a law enforcement agency for inspection at reasonable times, with or without notice. A failure to permit inspection is a serious misdemeanor.

Sec. 3. Section 99B.5, subsection 1, paragraphs b, d, e, and g, Code Supplement 1985, are amended to read as follows:

b. The sponsor of the fair or the qualified organization has submitted a license application and a fee of ~~fifteen~~ thirty dollars for each raffle, has been issued a license, and prominently displays the license at the drawing area of the raffle.

d. ~~Except with respect to an annual raffle as provided in paragraph "g",~~ the cost of each chance in or ticket to the raffle does not exceed one dollar.

e. ~~Cash~~ Except with respect to an annual raffle as provided in paragraph "g", cash prizes are not awarded and merchandise prizes are not repurchased.

g. The actual retail value of any prize does not exceed fifty dollars. If a prize consists of more than one item, unit, or part, the aggregate retail value of all items, units, or parts shall not exceed fifty dollars. However, either a fair sponsor or a qualified organization, but not both, may hold one raffle per calendar year at which a merchandise prize having a value not greater than ten twenty thousand dollars as may be offered. If the prize is merchandise, its value shall be determined by the purchase price paid by the fair ~~may be awarded sponsor or qualified organization~~.

Sec. 4. Section 99B.5, subsection 1, unnumbered paragraph 1, Code 1985, as amended by 1986 Iowa Acts, House File 2017, section 1, is amended to read as follows:

Except as provided in ~~subsection~~ subsections 3 and 6, gambling is unlawful on premises for which a class "A", class "B", class "C", or class "D" liquor control license, or class "B" beer permit has been issued pursuant to chapter 123 unless all of the following are complied with:

Sec. 5. Section 99B.6, subsection 2, Code 1985, is amended to read as follows:

2. The holder of a license issued pursuant to this section ~~shall be~~ is strictly accountable for ~~maintaining compliance~~ complying with subsection 1. ~~Proof of any acts an act~~ constituting a violation shall be is grounds for revocation of the license issued pursuant to this section if the holder of the license permitted the violation to occur when the licensee knew or had reasonable cause to know of the ~~acts act~~ act constituting the violation. ~~The holder of a license issued pursuant to this section which has its license revoked shall not be issued another license within six months of the date of revocation.~~

Sec. 6. Section 99B.6, Code 1985, as amended by 1986 Iowa Acts, House File 2017, sections 1 and 2, is amended by adding the following new subsection:

NEW SUBSECTION. 6. A qualified organization may conduct games of skill, games of chance, or raffles pursuant to section 99B.7 in an establishment that serves or sells alcoholic beverages, wine, or beer as defined in section 121.1 if the games or raffles are conducted pursuant to this chapter or rules adopted pursuant to this chapter.

Sec. 7. Section 99B.7, subsection 1, paragraphs c, d, and e, Code Supplement 1985, are amended to read as follows:

c. ~~Cash or merchandise~~ prizes may be awarded in the game of bingo and shall not exceed one hundred dollars. ~~Merchandise prizes may be awarded in the game of bingo, however, the actual retail value of the prize, or if the prize consists of more than one item, unit or part, the aggregate retail value of all items, units or parts, shall not exceed one hundred dollars. A jackpot bingo game may be conducted~~

once during any twenty-four hour period in which the prize may be increased by not more than one hundred dollars after each day's game. However, the cost of play in a jackpot bingo game shall not be increased and the jackpot shall not amount to more than five ~~seven~~ hundred fifty dollars in cash or actual retail value of merchandise prizes. A jackpot bingo game is not prohibited by paragraph "h". A bingo occasion shall not last for longer than four consecutive hours. A qualified organization shall not hold more than fourteen bingo occasions per month. Bingo occasions held under a limited license shall not be counted in determining whether a qualified organization has conducted more than fourteen bingo occasions per month, nor shall bingo occasions held under a limited license be limited to four consecutive hours. With the exception of a limited license bingo, no more than three bingo occasions per week shall be held within a structure or building and only one person licensed to conduct games under this section may hold bingo occasions within a structure or building.

PARAGRAPH DIVIDED. However, a qualified organization, which is a senior citizens' center or a residents' council at a senior citizen housing project or a group home, may hold more than fourteen bingo occasions per month and more than three bingo occasions per week within the same structure or building, and bingo occasions conducted by such a qualified organization may last for longer than four consecutive hours, if the majority of the patrons of the qualified organization's bingo occasions also participate in other activities of the senior citizens' center or are residents of the housing project. At the conclusion of each bingo occasion, the person conducting the game shall announce both the gross receipts received from the bingo occasion and the use permitted under subsection 1, paragraph "b", to which the net receipts of the bingo occasion will be dedicated and distributed.

d. Cash prizes shall not be awarded in games other than bingo and raffles. The actual retail value of any merchandise prizes are limited to not exceed 115 dollars and merchandise prizes

shall not be repurchased. However, one raffle may be conducted in a twelve-month period per calendar year at which a merchandise prize having a value not greater than ten twenty thousand dollars as determined by purchase price paid by the organization or donor may be awarded. If the prize is merchandise, its value shall be determined by purchase price paid by the organization or donor.

n. The person or organization conducting the game can show to the satisfaction of the department that the person or organization is eligible for exemption from federal income taxation under either section 501(c)(3), 501(c)(4), 501(c)(5), 501(c)(6), 501(c)(7), 501(c)(8), 501(c)(10) or 501(c)(19) of the Internal Revenue Code of 1954, as defined in section 422.3. However, this paragraph does not apply to a political party as defined in section 43.2, to a nongarty political organization that has qualified to place a candidate as its nominee for statewide office pursuant to chapter 44, or to a candidate committee as defined in section 56.2.

Sec. 8. Section 99B.7, subsection 3, paragraph a, Code Supplement 1985, is amended to read as follows:

3. a. A person wishing to conduct games and raffles pursuant to this section as a qualified organization shall submit an application and a license fee of one hundred dollars. However, upon submission of an application accompanied by a license fee of fifteen dollars, a person may be issued a limited license which shall authorize the person to conduct all games and raffles pursuant to this section at a specified location and during a specified period of fourteen consecutive calendar days. A limited license shall not be issued more than once during any twelve-month period calendar year to the same person, or for the same location. For the purposes of this paragraph, a limited license is deemed to be issued on the first day of the fourteen-day period for which the license is issued.

Sec. 9. Section 99B.7, subsection 3, paragraph b, Code Supplement 1985, is amended to read as follows:

b. A person or the agent of a person submitting application to conduct games pursuant to this section as a qualified organization shall certify that the receipts of all games, less reasonable expenses, charges, fees, taxes, and deductions allowed by this chapter, either will be distributed as prizes to participants or will be dedicated and distributed to educational, civic, public, charitable, patriotic or religious uses in this state and that the amount dedicated and distributed will equal at least seventy-five seventy percent of the net receipts. "Educational, civic, public, charitable, patriotic, or religious uses" means uses benefiting a society for the prevention of cruelty to animals or animal rescue league, or uses benefiting an indefinite number of persons either by bringing them under the influence of education or religion or relieving them from disease, suffering, or constraint, or by erecting or maintaining public buildings or works, or otherwise lessening the burden of government, or uses benefiting any bona fide nationally chartered fraternal or military veterans' corporation or organization which operates in Iowa a clubroom, post, dining room, or dance hall, but do not include the erection, acquisition, improvement, maintenance, or repair of real, personal or mixed property unless it is used for one or more of the uses stated. "Public uses" specifically includes dedication of net receipts to political parties as defined in section 43.2. "Charitable uses" includes uses benefiting a definite number of persons who are the victims of loss of home or household possessions through explosion, fire, flood, or storm when the loss is uncompensated by insurance, and uses benefiting a definite number of persons suffering from a seriously disabling disease or injury, causing severe loss of income or incurring extraordinary medical expense when the loss is uncompensated by insurance.

Proceeds given to another charitable organization to satisfy the seventy five seventy percent dedication requirement shall not be used by the donee to pay any expenses

in connection with the conducting of bingo by the donor organization, or for any cause, deed, or activity that would not constitute a valid dedication under this section.

Sec. 10. Section 99B.8, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 4. However, an organization may sponsor one or more game nights using play money for participation by students without the organization obtaining a license otherwise required by this section if the organization obtains prior approval for the game night from the board of directors of the accredited public school or the authorities in charge of the nonpublic school accredited by the state board of education for whose students the game night is to be held.

Sec. 11. Section 99B.14, unnumbered paragraph 1, Code 1985, is amended to read as follows:

The department shall revoke a license issued pursuant to this chapter if the licensee or an agent of the licensee violates or permits a violation of a provision of this chapter, or a departmental rules rule adopted pursuant to chapter 17A, or if any a cause exists for which the director would have been justified in refusing to issue a license, or upon the conviction of any a person of a violation of this chapter or rules a rule adopted under this chapter which occurred on the licensed premises. However, the revocation of one type of gambling license does not require the revocation of a different type of gambling license held by the same licensee.

Sec. 12. NEW SECTION. 99B.21 TAX ON PRIZES.

All prizes awarded are Iowa earned income and are subject to state and federal income tax laws. A person conducting a game of skill, game of chance, or a raffle shall deduct state income taxes from a cash prize awarded to an individual in excess of six hundred dollars. An amount deducted from the prize for payment of a state tax shall be remitted to the state department of revenue on behalf of the prize winner.

Sec. 13. Section 422.45, Code Supplement 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 32. Gross sale from the sale of raffle tickets for a raffle licensed pursuant to section 99B.5.

Sec. 14. This Act, being deemed of immediate importance, takes effect from and after its publication in The Cascade Pioneer-Advertiser, a newspaper published in Cascade, Iowa, and in the Advocate News, a newspaper published in Wilton, Iowa.

DONALD D. AVENSON
Speaker of the House

ROBERT T. ANDERSON
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2349, Seventy-first General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved May 21, 1986

TERRY E. BRANSTAD
Governor

H.F. 2349