

Can State Court
Depass 4-6-89 (p. 1243)

MAR 7 1989

Place On Calendar

HOUSE FILE 490
BY COMMITTEE ON STATE
GOVERNMENT

(SUCCESSOR TO HSB 85)

Passed House, Date 4-3-89 (p. 1184) Passed Senate, Date 4-12-89 (p. 1390)
Vote: Ayes 76 Nays 19 Vote: Ayes 39 Nays 7

Approved May 26 1989

Motion to reconsider 4-3-89 (p. 1208) - lost 4-4-89 (p. 1246)
Repassed House 5-1-89 (p. 2263) A BILLS FOR AYES 49 NAYS the
Ayes 53 Nays 43 Repassed by Senate - 5-2-89 (p. 1831)
Ayes 41 Nays 9

1 An Act relating to the department of inspections and appeals,
2 revising provisions governing the structure and allocation of
3 duties within the department, changing the structure for
4 racing and gaming regulation, providing changes in certain
5 statutory requirements relating to bingo and other games and
6 raffles, revising the responsibilities of the department, and
7 providing other properly related matters.

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

HF 490

HOUSE FILE 490

H-3362

- 1 Amend House File 490 as follows:
- 2 1. Page 7, by striking lines 17 through 25.
- 3 2. By renumbering as necessary.

By GARMAN of Story

H-3362 FILED MARCH 13, 1989

lost 4-3-89 (p. 1184)

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1 Section 1. Section 10A.101, subsection 3, Code 1989, is
2 amended to read as follows:

3 3. "Administrators" "Administrator" means the chief
4 administrative law judge, chief inspector, chief investigator,
5 and chief auditor, or the person administering a division of
6 the department.

7 Sec. 2. Section 10A.104, subsection 2, Code 1989, is
8 amended to read as follows:

9 2. Employ the administrators of the divisions within the
10 department and all additional personnel, except the state
11 public defender, and assistant state public defender, local
12 public defenders, racing commission, employment appeal board,
13 and foster care review board, deemed necessary for the
14 administration of this chapter in accordance with chapter 19A.
15 The administrators of the divisions, appointed by the
16 director, are not exempt from the merit system.

17 Sec. 3. Section 10A.104, Code ~~1989~~, is amended by adding
18 the following new subsection:

19 NEW SUBSECTION. 9. Administer and enforce chapters 10A,
20 99B, 135B, 135C, 170, 170A, 170B, 170C, and 191A.

21 Sec. 4. Section 10A.106, subsection 5, Code 1989, is
22 amended by striking the subsection.

23 Sec. 5. Section 10A.106, Code 1989, is amended by adding
24 the following new unnumbered paragraph:

25 NEW UNNUMBERED PARAGRAPH. The allocation of departmental
26 duties to the divisions of the department in sections 10A.202,
27 10A.302, 10A.402, and 10A.502 does not prohibit the director
28 from reallocating departmental duties within the department.

29 Sec. 6. Section 10A.202, subsection 1, Code 1989, is
30 amended by adding the following new paragraph:

31 NEW PARAGRAPH. m. Hearings and appeals relative to the
32 certification of targeted small businesses. Decisions of the
33 division in this area are subject to review by the department
34 of inspections and appeals.

35 Sec. 7. Section 10A.302, unnumbered paragraph 1, Code

1 1989, is amended to read as follows:

2 The administrator shall coordinate the division's conduct
3 of various audits and other activities as otherwise provided
4 for by law, except those conducted by the state auditor's
5 office, including but not limited to the following:

6 Sec. 8. Section 10A.302, subsection 4, Code 1989, is
7 amended by striking the subsection.

8 Sec. 9. Section 10A.302, Code 1989, is amended by adding
9 the following new subsections:

10 NEW SUBSECTION. 5. Audits relating to the administration
11 and disbursement of funds from games of skill, games of
12 chance, and raffles.

13 NEW SUBSECTION. 6. Audit reviews of Iowa department of
14 public health contractors.

15 NEW SUBSECTION. 7. Certification of targeted small
16 businesses.

17 Sec. 10. Section 99B.1, subsections 6 and 7, Code 1989,
18 are amended to read as follows:

19 6. "Net receipts" means gross receipts less amounts
20 awarded as prizes and less state and local sales tax paid upon
21 the gross receipts. Reasonable expenses, charges, fees, taxes
22 other than the state and local sales tax, and deductions
23 allowed by the division department shall not exceed thirty
24 percent of net receipts.

25 7. "Net rent" means the total rental charge minus
26 reasonable expenses, charges, fees, and deductions allowed by
27 the division department.

28 Sec. 11. Section 99B.1, subsection 16, Code 1989, is
29 amended by striking the subsection and inserting in lieu
30 thereof the following:

31 16. "Department" means the department of inspections and
32 appeals.

33 Sec. 12. Section 99B.1, subsection 20, paragraphs a and c,
34 Code 1989, are amended to read as follows:

35 a. The applicant's financial standing and good reputation

1 are within the standards established by the division
2 department by rule under chapter 17A so as to satisfy the
3 administrator director of the division department that the
4 applicant will comply with this chapter and the rules
5 applicable to operations under it.

6 c. The applicant has not been convicted of a felony.
7 However, if the applicant's conviction occurred more than five
8 years before the date of the application for a license, and if
9 the applicant's rights of citizenship have been restored by
10 the governor, the administrator director of the division
11 department may determine that the applicant is an eligible
12 applicant.

13 Sec. 13. Section 99B.2, subsections 2, 4, and 5, Code
14 1989, are amended to read as follows:

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

31 4. A licensee required by subsection 2 to maintain records
32 shall submit quarterly reports to the division department on
33 forms furnished by the division department. These reports
34 shall be due thirty days following the end of each calendar
35 quarter. The reports shall contain a compilation of the

1 information required to be recorded by subsection 2, and shall
2 include all of the transactions occurring during the three-
3 month period for which the report is submitted. Failure to
4 submit the quarterly reports is grounds for revocation of the
5 license. Willful failure to submit quarterly reports is a
6 serious misdemeanor. However, the time for filing of reports
7 may be extended for thirty days if the licensee makes written
8 request to the division department for an extension which
9 request shows good cause for granting the extension. A person
10 who intentionally files a false or fraudulent report or
11 application with the division department commits a fraudulent
12 practice.

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

20 Sec. 14. Section 99B.6, subsection 1, paragraph j, Code
21 1989, is amended to read as follows:

22 j. A representative of the division department or a law
23 enforcement agency is immediately admitted, upon request, to
24 the premises with or without advance notice.

25 Sec. 15. Section 99B.7, subsection 1, paragraphs d and m,
26 Code 1989, are amended to read as follows:

27 d. Cash prizes shall not be awarded in games other than
28 bingo and raffles. The actual-retail value of any-merchandise
29 prizes a prize shall not exceed fifty dollars and merchandise
30 prizes shall not be repurchased. If a prize consists of more
31 than one item, unit, or part, the aggregate value of all
32 items, units, or parts shall not exceed fifty dollars.

33 However, one raffle may be conducted per calendar year at
34 which a-prize prizes having a combined value not greater than
35 twenty thousand dollars may be awarded. If the prize is

1 merchandise, its value shall be determined by purchase price
2 paid by the organization or donor.

3 m. The person or organization conducting the game can show
4 to the satisfaction of the division department that the person
5 or organization is eligible for exemption from federal income
6 taxation under either section 501(c)(3), 501(c)(4), 501(c)(5),
7 501(c)(6), 501(c)(7), 501(c)(8), 501(c)(10) or 501(c)(19) of
8 the Internal Revenue Code, as defined in section 422.3.

9 However, this paragraph does not apply to a political party as
10 defined in section 43.2, to a nonparty political organization
11 that has qualified to place a candidate as its nominee for
12 statewide office pursuant to chapter 44, or to a candidate
13 candidate's committee as defined in section 56.2.

14 Sec. 16. Section 99B.7, subsection 3, paragraph b, Code
15 1989, is amended to read as follows:

16 b. A person or the agent of a person submitting
17 application to conduct games pursuant to this section as a
18 qualified organization shall certify that the receipts of all
19 games, less reasonable expenses, charges, fees, taxes, and
20 deductions allowed by this chapter, either will be distributed
21 as prizes to participants or will be dedicated and distributed
22 to educational, civic, public, charitable, patriotic or
23 religious uses in this state and that the amount dedicated and
24 distributed will equal at least seventy seventy-five percent
25 of the net receipts. "Educational, civic, public, charitable,
26 patriotic, or religious uses" means uses benefiting a society
27 for the prevention of cruelty to animals or animal rescue
28 league, or uses benefiting an indefinite number of persons
29 either by bringing them under the influence of education or
30 religion or relieving them from disease, suffering, or
31 constraint, or by erecting or maintaining public buildings or
32 works, or otherwise lessening the burden of government, or
33 uses benefiting any bona fide nationally chartered fraternal
34 or military veterans' corporation or organization which
35 operates in Iowa a clubroom, post, dining room, or dance hall,

1 but does not include the erection, acquisition, improvement,
2 maintenance, or repair of real, personal or mixed property
3 unless it is used for one or more of the uses stated. "Public
4 uses" specifically includes dedication of net receipts to
5 political parties as defined in section 43.2. "Charitable
6 uses" includes uses benefiting a definite number of persons
7 who are the victims of loss of home or household possessions
8 through explosion, fire, flood, or storm when the loss is
9 uncompensated by insurance, and uses benefiting a definite
10 number of persons suffering from a seriously disabling disease
11 or injury, causing severe loss of income or incurring
12 extraordinary medical expense when the loss is uncompensated
13 by insurance.

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

20 Sec. 17. Section 99B.7, subsection 3, paragraph c,
21 unnumbered paragraph 1, Code 1989, is amended to read as
22 follows:

23 A qualified organization shall distribute amounts awarded
24 as prizes on the day they are won. A qualified organization
25 shall dedicate and distribute the balance of the net receipts
26 received within a quarter and remaining after deduction of
27 reasonable expenses, charges, fees, taxes, and deductions
28 allowed by this chapter, before the quarterly report required
29 for that quarter under section 99B.2, subsection 4, is due.
30 The amount dedicated and distributed must equal at least
31 seventy-five percent of the net receipts. A person desiring
32 to hold the net receipts for a period longer than permitted
33 under this paragraph shall apply to the division department
34 for special permission and upon good cause shown the division
35 department may grant the request.

1 Sec. 18. Section 99B.9, subsection 1, paragraph j, Code
2 1989, is amended to read as follows:

3 j. A representative of the ~~division~~ department or a law
4 enforcement agency is immediately admitted, upon request, to
5 the premises with or without advance notice.

6 Sec. 19. Section 99B.9A, Code 1989, is amended to read as
7 follows:

8 99B.9A EXCEPTIONS FOR CERTAIN AREAS.

9 The ~~division~~ department may, at its discretion, allow a
10 qualified organization under section 99B.7 to hold a game of
11 bingo in a building where another qualified organization also
12 holds a game of bingo or where the building is adjacent, but
13 not intraconnected, with an establishment holding a liquor
14 license and the building is located in a municipality of a
15 recorded census of less than two thousand people and the
16 municipality is not located adjacent to another municipality.

3362 17 Sec. 20. Section 99B.10, subsection 1, Code 1989, is
18 amended by striking the subsection and inserting in lieu
19 thereof the following:

20 1. A prize of merchandise exceeding five dollars in value
21 or cash shall not be awarded for use of the device. However,
22 a mechanical or amusement device may be designed or adapted to
23 award a prize or one or more free games or portions of games
24 without payment of additional consideration by the
25 participant.

26 Sec. 21. Section 99B.13, unnumbered paragraph 1, Code
27 1989, is amended to read as follows:

28 The ~~division~~ department may adopt ~~7--amend-and-repeal~~ rules
29 pursuant to chapter 17A to carry out the provisions of this
30 chapter. Rules adopted by the ~~administrator-of-the-division~~
31 department may include but are not limited to the following:

32 Sec. 22. Section 99B.14, Code 1989, is amended to read as
33 follows:

34 99B.14 REVOCATION OF LICENSE.

35 The ~~division~~ department shall revoke a license issued

1 pursuant to this chapter if the licensee or an agent of the
 2 licensee violates or permits a violation of a provision of
 3 this chapter, or a ~~divisional~~ departmental rule adopted
 4 pursuant to chapter 17A, or if a cause exists for which the
 5 director of the department ~~of-inspections-and-appeals~~ would
 6 have been justified in refusing to issue a license, or upon
 7 the conviction of a person of a violation of this chapter or a
 8 rule adopted under this chapter which occurred on the licensed
 9 premises. However, the revocation of one type of gambling
 10 license does not require the revocation of a different type of
 11 gambling license held by the same licensee.

12 Revocation proceedings shall be held only after giving
 13 notice and an opportunity for hearing to the licensee. Notice
 14 shall be given at least ten days in advance of the date set
 15 for hearing. If the ~~division~~ department finds cause for
 16 revocation, the license shall be revoked for a period not to
 17 exceed two years.

18 Sec. 23. Section 99B.17, Code 1989, is amended to read as
 19 follows:

20 99B.17 GAMBLING ON CREDIT UNLAWFUL.

21 A person who tenders and a person who receives any promise,
 22 agreement, note, bill, bond, contract, mortgage or other
 23 security, or any negotiable instrument, as consideration for
 24 any wager or bet, whether or not lawfully conducted or engaged
 25 in pursuant to this chapter, commits a misdemeanor. This
 26 section ~~shall~~ does not prohibit the payment by check of any
 27 entry or participation fee assessed by the sponsor of a
 28 contest lawful under section 99B.11. This section does not
 29 prohibit payment by check by a participant to the sponsor of a
 30 bingo occasion.

31 Sec. 24. Section 99B.19, Code 1989, is amended to read as
 32 follows:

33 99B.19 ATTORNEY GENERAL AND COUNTY ATTORNEY.

34 Upon request of the ~~racing-and-gaming-division-of-the~~
 35 department of inspections and appeals or the division of

1 criminal investigation of the department of public safety, the
2 attorney general shall institute in the name of the state the
3 proper proceedings against a person charged by either
4 department with violating this chapter, and a county attorney,
5 at the request of the attorney general, shall appear and
6 prosecute an action when brought in the county attorney's
7 county.

8 Sec. 25. Section 99B.20, Code 1989, is amended to read as
9 follows:

10 99B.20 DIVISION OF CRIMINAL INVESTIGATION.

11 The division of criminal investigation of the department of
12 public safety may investigate to determine licensee compliance
13 with the requirements of this chapter. Investigations may be
14 conducted either on the criminal investigation division's own
15 initiative or at the request of the ~~racing-and-gaming-division~~
16 ~~of-the~~ department of inspections and appeals. The criminal
17 investigation division and the ~~racing-and-gaming-division~~
18 department of inspections and appeals shall cooperate to the
19 maximum extent possible on an investigation.

20 Sec. 26. Section 99D.5, subsection 1, Code 1989, is
21 amended to read as follows:

22 1. A state racing commission is created within the
23 department of ~~commerce~~ inspections and appeals consisting of
24 five members who shall be appointed by the governor subject to
25 confirmation by the senate, and who shall serve not to exceed
26 a three-year term at the pleasure of the governor. The term
27 of each member shall begin and end as provided in section
28 69.19.

29 Sec. 27. Section 99D.6, Code 1989, is amended to read as
30 follows:

31 99D.6 CHAIRPERSON -- ADMINISTRATOR -- EMPLOYEES -- DUTIES
32 -- BOND.

33 The commission shall elect in July of each year one of its
34 members chairperson for the succeeding year. The commission
35 shall appoint an administrator of the ~~racing-and-gaming~~

1 ~~division-of-the-department-of-inspections-and-appeals~~
 2 commission subject to confirmation by the senate. The
 3 administrator shall serve a four-year term. The term shall
 4 begin and end in the same manner as set forth in section
 5 69.19. A vacancy shall be filled for the unexpired portion of
 6 the term in the same manner as a full-term appointment is
 7 made. The administrator may hire other assistants and
 8 employees as necessary to carry out the ~~division's~~
 9 commission's duties. Some or all of the information required
 10 of applicants in section 99D.8A, subsections 1 and 2, may also
 11 be required of employees of the ~~division~~ commission if the
 12 commission deems it necessary. The administrator shall keep a
 13 record of the proceedings of the commission, and preserve the
 14 books, records, and documents entrusted to the administrator's
 15 care. The commission shall require the administrator to post
 16 a bond in a sum it may fix, conditioned upon the faithful
 17 performance of the administrator's duties. Subject to the
 18 approval of the governor, the commission shall fix the
 19 compensation of the administrator within the salary range ~~five~~
 20 as set by the general assembly. The ~~division~~ commission shall
 21 have its headquarters in the city of Des Moines, and shall
 22 meet in July of each year and at other times and places as it
 23 finds necessary for the discharge of its duties.

24 Sec. 28. Section 10A.701, Code 1989, is repealed.

25 EXPLANATION

26 This bill relates to the structure and allocation of duties
 27 of the department of inspections and appeals. The primary
 28 emphasis is on the racing and gaming responsibilities of the
 29 department. The bill eliminates the racing and gaming
 30 division and places the gaming responsibilities directly under
 31 the director. The state racing commission would appoint its
 32 own administrator and would have responsibility for racing
 33 regulation without being assigned to any division of the
 34 department.

35 The bill also deletes language relating to auditing of the

1 administration and disbursement of funds from the energy
2 research and development fund designated for the
3 weatherization program or the energy assistance program. It
4 adds language requiring auditing of the administration and
5 disbursement of funds from games of skill, games of chance,
6 and raffles. It also specifies responsibilities with respect
7 to the certification of targeted small businesses and audit
8 reviews of Iowa department of public health contractors.

9 The bill revises a provision restricting the value of
10 prizes to state that if a prize consists of multiple items,
11 the aggregate value must not exceed fifty dollars. It also
12 provides that 75 percent of net receipts of games and raffles
13 must be dedicated and distributed by a qualified organization.
14 Another provision allows a bingo participant to use a check to
15 pay the sponsor of a bingo occasion.

16 The bill also revises provisions regulating the use of
17 mechanical and electronic amusement devices which award
18 prizes.

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HOUSE FILE 490

S-3650

1 Amend House File 490, as passed by the House, as
2 follows:

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

5 "Sec. ____ Section 99B.7, subsection 1, paragraph
6 c, unnumbered paragraph 1, Code 1989, is amended to
7 read as follows:

8 Cash or merchandise prizes may be awarded in the
9 game of bingo and, except as otherwise provided in
10 this paragraph, shall not exceed one hundred dollars.
11 Merchandise prizes may be awarded in the game of
12 bingo, ~~however,~~ but 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 the maximum provided by this paragraph. A jackpot
17 bingo game may be conducted once during any twenty-
18 four hour period in which the prize may begin at not
19 more than three hundred dollars in cash or actual
20 retail value of merchandise prizes and may be
21 increased by not more than one hundred dollars after
22 each day's-game bingo occasion. However, the cost of
23 play in a jackpot bingo game shall not be increased
24 and the jackpot shall not amount to more than ~~seven~~
25 eight hundred fifty dollars in cash or actual retail
26 value of merchandise prizes. A jackpot bingo game is
27 not prohibited by paragraph "h". A bingo occasion
28 shall not last for longer than four consecutive hours.
29 A qualified organization shall not hold more than
30 fourteen bingo occasions per month. Bingo occasions
31 held under a limited license shall not be counted in
32 determining whether a qualified organization has
33 conducted more than fourteen bingo occasions per
34 month, nor shall bingo occasions held under a limited
35 license be limited to four consecutive hours. With
36 the exception of a limited license bingo, no more than
37 three bingo occasions per week shall be held within a
38 structure or building and only one person licensed to
39 conduct games under this section may hold bingo
40 occasions within a structure or building."

41 2. Page 8, by striking lines 25 through 30 and
42 inserting the following: "in pursuant to this
43 chapter, commits a misdemeanor. ~~This-section-shall~~
44 ~~not-prohibit-the-payment-by-check-of~~ However, a
45 participant in a bingo occasion or in a contest lawful
46 under section 99B.11 may make payment by personal
47 check for any entry or participation fee assessed by
48 the sponsor of a the bingo occasion or contest lawful
49 under-section-99B-11."

50 3. By numbering and renumbering as necessary.

By BOB CARR

S-3650 FILED APRIL 11, 1989

Adopted (4/12/89) (p. 1390)

HOUSE FILE 490

S-3651

1 Amend House File 490, as passed by the House, as
2 follows:

3 1. Page 1, by striking lines 9 through 16 and
4 inserting the following:

5 "2. Employ Appoint the administrators of the
6 divisions within the department and all additional
7 other personnel deemed necessary for the
8 administration of this chapter, except the state
9 public defender, and assistant state public defender,
10 deemed-necessary-for-the-administration-of-this
11 chapter-in-accordance-with-chapter-19A defenders,
12 administrator of the racing commission, members of the
13 employment appeal board, and administrator of the
14 state foster care review board. The-administrators-of
15 the-divisions-are-not-exempt-from-the-merit-system.
16 All persons appointed and employed in the department
17 are covered by the provisions of chapter 19A, but
18 persons not appointed by the director are exempt from
19 the merit system provisions of chapter 19A."

20 2. Page 1, by inserting after line 28 the
21 following:

22 "Sec. ____ . Section 10A.202, subsection 1,
23 paragraph g, Code 1989, is amended to read as follows:
24 g. Hearings and appeals relative to the license
25 or-certification-of-hospitals,--hospices,--and-health
26 care-facilities administration of the department of
27 inspections and appeals. Decisions of the division in
28 this area are subject to review by the department of
29 inspections and appeals."

30 3. Page 1, by striking lines 31 through 34 and
31 inserting the following:

32 "NEW PARAGRAPH. m. Hearings and appeals relative
33 to the administration of the department of revenue and
34 finance. Decisions of the division in this area are
35 subject to review by the department of revenue and
36 finance."

37 4. Page 10, by inserting after line 23 the
38 following:

39 "Sec. ____ . Section 99D.7, subsection 8, Code 1989,
40 is amended to read as follows:

41 8. To investigate alleged violations of this
42 chapter or the commission rules, orders, or final
43 decisions and to take appropriate disciplinary action
44 against a licensee or a holder of an occupational
45 license for the violation, or institute appropriate
46 legal action for enforcement, or both. Decisions by
47 the commission are final agency actions pursuant to
48 chapter 17A."

49 5. By numbering and renumbering as necessary.

By BOB M. CARR

-3651 FILED APRIL 11, 1989

Adopted 4-12-89 (p.1390)

SENATE AMENDMENT TO HOUSE FILE 490

H-4045

1 Amend House File 490, as passed by the House, as
2 follows:

3 1. Page 1, by striking lines 9 through 16 and
4 inserting the following:

5 "2. Employ Appoint the administrators of the
6 divisions within the department and all additional
7 other personnel deemed necessary for the
8 administration of this chapter, except the state
9 public defender, and assistant state public defender,
10 deemed-necessary-for-the-administration-of-this
11 chapter-in-accordance-with-chapter-19A defenders,
12 administrator of the racing commission, members of the
13 employment appeal board, and administrator of the
14 state foster care review board. The-administrators-of
15 the-divisions-are-not-exempt-from-the-merit-system.
16 All persons appointed and employed in the department
17 are covered by the provisions of chapter 19A, but
18 persons not appointed by the director are exempt from
19 the merit system provisions of chapter 19A."

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4348

20 2. Page 1, by inserting after line 28 the
21 following:

22 "Sec. ____ . Section 10A.202, subsection 1,
23 paragraph g, Code 1989, is amended to read as follows:

24 g. Hearings and appeals relative to the licensure
25 or-certification-of-hospitals, hospices, and health
26 care-facilities administration of the department of
27 inspections and appeals. Decisions of the division in
28 this area are subject to review by the department of
29 inspections and appeals."

30 3. Page 1, by striking lines 31 through 34 and
31 inserting the following:

32 "NEW PARAGRAPH. m. Hearings and appeals relative
33 to the administration of the department of revenue and
34 finance. Decisions of the division in this area are
35 subject to review by the department of revenue and
36 finance."

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

39 "Sec. ____ . Section 99B.7, subsection 1, paragraph
40 c, unnumbered paragraph 1, Code 1989, is amended to
41 read as follows:

42 Cash or merchandise prizes may be awarded in the
43 game of bingo and, except as otherwise provided in
44 this paragraph, shall not exceed one hundred dollars.
45 Merchandise prizes may be awarded in the game of
46 bingo, however, but the actual retail value of the
47 prize, or if the prize consists of more than one item,
48 unit or part, the aggregate retail value of all items,
49 units or parts, shall not exceed one-hundred-dollars
50 the maximum provided by this paragraph. A jackpot

E-4045

Page 2

1 bingo game may be conducted once during any twenty-
 2 four hour period in which the prize may begin at not
 3 more than three hundred dollars in cash or actual
 4 retail value of merchandise prizes and may be
 5 increased by not more than one hundred dollars after
 6 each day's-game bingo occasion. However, the cost of
 7 play in a jackpot bingo game shall not be increased
 8 and the jackpot shall not amount to more than seven
 9 eight hundred fifty dollars in cash or actual retail
 10 value of merchandise prizes. A jackpot bingo game is
 11 not prohibited by paragraph "h". A bingo occasion
 12 shall not last for longer than four consecutive hours.
 13 A qualified organization shall not hold more than
 14 fourteen bingo occasions per month. Bingo occasions
 15 held under a limited license shall not be counted in
 16 determining whether a qualified organization has
 17 conducted more than fourteen bingo occasions per
 18 month, nor shall bingo occasions held under a limited
 19 license be limited to four consecutive hours. With
 20 the exception of a limited license bingo, no more than
 21 three bingo occasions per week shall be held within a
 22 structure or building and only one person licensed to
 23 conduct games under this section may hold bingo
 24 occasions within a structure or building."

25 5. Page 8, by striking lines 25 through 30 and
 26 inserting the following: "in pursuant to this
 27 chapter, commits a misdemeanor. ~~This-section-shall~~
 28 ~~not-prohibit-the-payment-by-check-of~~ However, a
 29 participant in a bingo occasion or in a contest lawful
 30 under section 99B.11 may make payment by personal
 31 check for any entry or participation fee assessed by
 32 the sponsor of a the bingo occasion or contest lawful
 33 under-section-99B.11."

34 6. Page 10, by inserting after line 23 the
 35 following:

36 "Sec. ____ . Section 99D.7, subsection 8, Code 1989,
 37 is amended to read as follows:

38 1. To investigate alleged violations of this
 39 chapter or the commission rules, orders, or final
 40 decisions and to take appropriate disciplinary action
 41 against a licensee or a holder of an occupational
 42 license for the violation, or institute appropriate
 43 legal action for enforcement, or both. Decisions by
 44 the commission are final agency actions pursuant to
 45 chapter 17A."

46 7. By renumbering, relettering, or redesignating
 47 and correcting internal references as necessary.

RECEIVED FROM THE SENATE

E-4045 FILED APRIL 14, 1989

House Concurred 5-1-89 (p. 2263)

4348
4314
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4314

H-4314

1 Amend Senate amendment, H-4045, to House File 490,
2 as passed by the House, as follows:

3 1. Page 1, by inserting after line 19, the
4 following:

5 "_____. Page 1, by inserting after line 20, the
6 following:

7 "Sec. _____. Section 10A.104, Code 1989, is amended
8 by adding the following new subsection:

9 NEW SUBSECTION. 10. Enter into and implement
10 agreements or compacts between the state of Iowa and
11 Indian tribes located in the state which are entered
12 into under the authority of the Indian Gaming
13 Regulatory Act (25 U.S.C. § 2701 et seq.). The
14 agreements or compacts shall contain provisions
15 intended to implement the policies and objectives of
16 the Indian Gaming Regulatory Act. Legislative intent
17 is that agreements or compacts not allow high stakes
18 gambling in excess of that authorized by state law.

19 Sec. _____. Section 10A.105, Code 1989, is amended
20 by striking the section and inserting in lieu thereof
21 the following:

22 10A.105 CONFIDENTIALITY.

23 1. For the purposes of this section, "governmental
24 entity" includes an administrative division within the
25 department.

26 2. The confidentiality of all information in the
27 department produced or collected during or as a result
28 of a hearing, appeal, investigation, inspection,
29 audit, or other function performed by the department
30 on behalf of another governmental entity is governed
31 by the law applicable to the records of that
32 governmental entity. The department may provide
33 information to a governmental entity for which it is
34 conducting a hearing, appeal, inspection, audit,
35 investigation, or other function.

36 3. The state shall maintain records and materials
37 related to an agreement or compact entered into
38 pursuant to the Indian Gaming Regulatory Act (25
39 U.S.C. § 2701 et seq.), as confidential records if
40 confidentiality is required by the terms of the
41 agreement or compact.

42 4. The lawful custodian of all records produced or
43 collected during or as a result of any function
44 performed by the department on behalf of another
45 governmental entity is that governmental entity for
46 the purpose of examination and copying pursuant to
47 chapter 22.

48 5. If information in the possession of the
49 department indicates that a criminal offense may have
50 been committed, the information may be reported to the

E-4314

Page 2

1 appropriate criminal justice or regulatory agency.
2 6. However, this section does not prohibit the
3 department from releasing the minimal amount of
4 information necessary in its judgment to conduct
5 audits, inspections, investigations, appeals, and
6 hearings, and does not prohibit the introduction of
7 the information as evidence at any hearing conducted
8 by the department.

9 7. The director, administrators, and their
10 designees shall have access to all records deemed by
11 the department to be pertinent to a hearing, appeal,
12 audit, investigation, inspection, or other related
13 function assigned under this chapter."

14 2. Page 2, by inserting after line 45 the
15 following:

16 "____. Page 10, by inserting after line 23, the
17 following:

18 "Sec. _____. Section 99F.6, subsection 8, as enacted
19 by 1989 Iowa Acts, Senate File 124, section 6, is
20 amended by striking the subsection and inserting in
21 lieu thereof the following:

22 8. a. The licensee or a holder of an occupational
23 license shall consent to the search, without a
24 warrant, by agents of the division of criminal
25 investigation of the department of public safety or
26 commission employees designated by the secretary of
27 the commission, of the licensee's or holder's person,
28 personal property, and effects, and premises which are
29 located on the excursion gambling boat or adjacent
30 facilities under control of the licensee, in order to
31 inspect or investigate for violations of this chapter
32 or rules adopted by the commission pursuant to this
33 chapter. The department or commission may also obtain
34 administrative search warrants under section 808.14.

35 b. However, this subsection shall not be construed
36 to permit a warrantless inspection of living quarters
37 or sleeping rooms on the riverboat if all of the
38 following are true:

39 (1) The licensee has specifically identified those
40 areas which are to be used as living quarters or
41 sleeping rooms in writing to the commission.

42 (2) Gaming is not permitted in the living quarters
43 or sleeping rooms, and devices, records, or other
44 items relating to the licensee's gaming operations are
45 not stored, kept, or maintained in the living quarters
46 or sleeping rooms.

47 (3) Alcoholic beverages are not stored, kept, or
48 maintained in the living quarters or sleeping rooms
49 except those legally possessed by the individual
50 occupying the quarters or room.

H-4314

Page 3

1 c. The commission shall adopt rules to enforce
2 this subsection.

3 ~~3426~~ Sec. ____ . Section 99F.7, subsection 10, as enacted
4 by 1989 Iowa Acts, Senate File 124, section 7, and as
5 amended by 1989 Iowa Acts, Senate File 525, section 5,
6 takes effect May 15, 1989.

7 Sec. ____ . Section 537A.4, unnumbered paragraph 2,
8 Code 1989, is amended to read as follows:

9 This section does not apply to a contract for the
10 operation of or for the sale or rental of equipment
11 for games of skill or games of chance, if both the
12 contract and the games are in compliance with chapter
13 99B. This section does not apply to wagering under
14 the pari-mutuel method of wagering authorized by
15 chapter 99D. This section does not apply to the sale,
16 purchase or redemption of a ticket or share in the
17 state lottery in compliance with chapter 99E. This
18 section does not apply to the sale, purchase, or
19 redemption of any ticket or similar gambling device
20 legally purchased in Indian country within this
21 state."

22 3. Page 2, by inserting after line 47, the
23 following:

24 " ____ . Title page, line 6, by inserting after the
25 word "raffles," the following: "authorizing the
26 enforcement of agreements or compacts entered into
27 between the state and Indian tribes under the Indian
28 Gaming Regulatory Act, authorizing warrantless
29 searches of excursion gambling boats under certain
30 conditions, "."

31 4. By renumbering and relettering as necessary.

By CHAPMAN of Linn

H-4314 FILED APRIL 27, 1989

Withdrawn 5-1-89 (p. 2260)

HOUSE FILE 490

H-4317

1 Amend the amendment, H-4314, to Senate amendment,
2 H-4045, to House File 490, as passed by the House, as
3 follows:

4 1. Page 1, line 18, by inserting after the word
5 "law." the following: "Any agreement or compact will
6 go into effect upon agreement by the director of the
7 department of inspections and appeals and the Indian
8 tribe, but the agreement or compact shall be ratified
9 by the general assembly. The director and the Indian
10 tribe may enter into interim agreements subject to
11 ratification by the general assembly."

By STROMER of Hancock

H-4317 FILED APRIL 27, 1989

lost 4-28-89 (p. 2156)

HOUSE FILE 490

H-4348

1 Amend Senate amendment, H-4045, to House File 490,
2 as passed by the House, as follows:

3 1. Page 1, by inserting after line 19, the
4 following:

5 " . Page 1, by inserting after line 20, the
6 following:

7 "Sec. _____. Section 10A.104, Code 1989, is amended
8 by adding the following new subsection:

9 NEW SUBSECTION. 10. Enter into and implement
10 agreements or compacts between the state of Iowa and
11 Indian tribes located in the state which are entered
12 into under the authority of the Indian Gaming
13 Regulatory Act (25 U.S.C. § 2701 et seq.). The
14 agreements or compacts shall contain provisions
15 intended to implement the policies and objectives of
16 the Indian Gaming Regulatory Act.

17 Sec. _____. Section 10A.105, Code 1989, is amended
18 by striking the section and inserting in lieu thereof
19 the following:

20 10A.105 CONFIDENTIALITY.

21 1. For the purposes of this section, "governmental
22 entity" includes an administrative division within the
23 department.

24 2. The confidentiality of all information in the
25 department produced or collected during or as a result
26 of a hearing, appeal, investigation, inspection,
27 audit, or other function performed by the department
28 on behalf of another governmental entity is governed
29 by the law applicable to the records of that
30 governmental entity. The department may provide
31 information to a governmental entity for which it is
32 conducting a hearing, appeal, inspection, audit,
33 investigation, or other function.

34 3. The state shall maintain records and materials
35 related to an agreement or compact entered into
36 pursuant to the Indian Gaming Regulatory Act (25
37 U.S.C. § 2701 et seq.), as confidential records if
38 confidentiality is required by the terms of the
39 agreement or compact.

40 4. The lawful custodian of all records produced or
41 collected during or as a result of any function
42 performed by the department on behalf of another
43 governmental entity is that governmental entity for
44 the purpose of examination and copying pursuant to
45 chapter 22.

46 5. If information in the possession of the
47 department indicates that a criminal offense may have
48 been committed, the information may be reported to the
49 appropriate criminal justice or regulatory agency.

50 6. However, this section does not prohibit the

E-4348

Page 2

1 department from releasing the minimal amount of
2 information necessary in its judgment to conduct
3 audits, inspections, investigations, appeals, and
4 hearings, and does not prohibit the introduction of
5 the information as evidence at any hearing conducted
6 by the department.

7 7. The director, administrators, and their
8 designees shall have access to all records deemed by
9 the department to be pertinent to a hearing, appeal,
10 audit, investigation, inspection, or other related
11 function assigned under this chapter.""

12 2. Page 2, by inserting after line 45 the
13 following:

14 "____. Page 10, by inserting after line 23, the
15 following:

16 "Sec. ____ . Section 99F.6, subsection 8, as enacted
17 by 1989 Iowa Acts, Senate File 124, section 6, is
18 amended by striking the subsection and inserting in
19 lieu thereof the following:

20 8. a. The licensee or a holder of an occupational
21 license shall consent to the search, without a
22 warrant, by agents of the division of criminal
23 investigation of the department of public safety or
24 commission employees designated by the secretary of
25 the commission, of the licensee's or holder's person,
26 personal property, and effects, and premises which are
27 located on the excursion gambling boat or adjacent
28 facilities under control of the licensee, in order to
29 inspect or investigate for violations of this chapter
30 or rules adopted by the commission pursuant to this
31 chapter. The department or commission may also obtain
32 administrative search warrants under section 808.14.

33 b. However, this subsection shall not be construed
34 to permit a warrantless inspection of living quarters
35 or sleeping rooms on the riverboat if all of the
36 following are true:

37 (1) The licensee has specifically identified those
38 areas which are to be used as living quarters or
39 sleeping rooms in writing to the commission.

40 (2) Gaming is not permitted in the living quarters
41 or sleeping rooms, and devices, records, or other
42 items relating to the licensee's gaming operations are
43 not stored, kept, or maintained in the living quarters
44 or sleeping rooms.

45 (3) Alcoholic beverages are not stored, kept, or
46 maintained in the living quarters or sleeping rooms
47 except those legally possessed by the individual
48 occupying the quarters or room.

49 c. The commission shall adopt rules to enforce
50 this subsection.

H-4348

Page 3

1 Sec. _____. Section 537A.4, unnumbered paragraph 2,
2 Code 1989, is amended to read as follows:

3 This section does not apply to a contract for the
4 operation of or for the sale or rental of equipment
5 for games of skill or games of chance, if both the
6 contract and the games are in compliance with chapter
7 99B. This section does not apply to wagering under
8 the pari-mutuel method of wagering authorized by
9 chapter 99D. This section does not apply to the sale,
10 purchase or redemption of a ticket or share in the
11 state lottery in compliance with chapter 99E. This
12 section does not apply to the sale, purchase, or
13 redemption of any ticket or similar gambling device
14 legally purchased in Indian lands within this state."

15 3. Page 2, by inserting after line 47, the
16 following:

17 "_____. Title page, line 6, by inserting after the
18 word "raffles," the following: "authorizing the
19 enforcement of agreements or compacts entered into
20 between the state and Indian tribes under the Indian
21 Gaming Regulatory Act, authorizing warrantless
22 searches of excursion gambling boats under certain
23 conditions, "."

24 4. By renumbering and relettering as necessary.

By CHAPMAN of Linn

H-4348 FILED MAY 1, 1989

ADOPTED

5-1-89 (p.2263)

HOUSE FILE 490

H-4326

1 Amend amendment H-4314 to Senate amendment H-4045
2 to House File 490, as passed by the House, as
3 follows:

4 1. Page 3, by striking lines 3 through 6.

By GARMAN of Story

H-4326 FILED APRIL 28, 1989

Out of Order 5-1-89 (p.2260)

HOUSE FILE 490

H-4327

1 Amend the amendment, H-4314, to the Senate
2 amendment, H-4045, to House File 490, as passed
3 by the House, as follows:

4 1. Page 3, line 20, by striking the word
5 "country" and inserting the word "land".

By BLACK of Jasper

H-4327 FILED APRIL 28, 1989

Out of Order 5-1-89 (p.2260)

HOUSE AMENDMENT TO
SENATE AMENDMENT TO
HOUSE FILE 490

S-4044

1 Amend Senate amendment, H-4045, to House File 490,
2 as passed by the House, as follows:

3 1. Page 1, by inserting after line 19, the
4 following:

5 "____. Page 1, by inserting after line 20, the
6 following:

7 "Sec. _____. Section 10A.104, Code 1989, is amended
8 by adding the following new subsection:

9 NEW SUBSECTION. 10. Enter into and implement
10 agreements or compacts between the state of Iowa and
11 Indian tribes located in the state which are entered
12 into under the authority of the Indian Gaming
13 Regulatory Act (25 U.S.C. § 2701 et seq.). The
14 agreements or compacts shall contain provisions
15 intended to implement the policies and objectives of
16 the Indian Gaming Regulatory Act.

17 Sec. _____. Section 10A.105, Code 1989, is amended
18 by striking the section and inserting in lieu thereof
19 the following:

20 10A.105 CONFIDENTIALITY.

21 1. For the purposes of this section, "governmental
22 entity" includes an administrative division within the
23 department.

24 2. The confidentiality of all information in the
25 department produced or collected during or as a result
26 of a hearing, appeal, investigation, inspection,
27 audit, or other function performed by the department
28 on behalf of another governmental entity is governed
29 by the law applicable to the records of that
30 governmental entity. The department may provide
31 information to a governmental entity for which it is
32 conducting a hearing, appeal, inspection, audit,
33 investigation, or other function.

34 3. The state shall maintain records and materials
35 related to an agreement or compact entered into
36 pursuant to the Indian Gaming Regulatory Act (25
37 U.S.C. § 2701 et seq.), as confidential records if
38 confidentiality is required by the terms of the
39 agreement or compact.

40 4. The lawful custodian of all records produced or
41 collected during or as a result of any function
42 performed by the department on behalf of another
43 governmental entity is that governmental entity for
44 the purpose of examination and copying pursuant to
45 chapter 22.

46 5. If information in the possession of the
47 department indicates that a criminal offense may have
48 been committed, the information may be reported to the
49 appropriate criminal justice or regulatory agency.

50 6. However, this section does not prohibit the

1 department from releasing the minimal amount of
2 information necessary in its judgment to conduct
3 audits, inspections, investigations, appeals, and
4 hearings, and does not prohibit the introduction of
5 the information as evidence at any hearing conducted
6 by the department.

7 7. The director, administrators, and their
8 designees shall have access to all records deemed by
9 the department to be pertinent to a hearing, appeal,
10 audit, investigation, inspection, or other related
11 function assigned under this chapter."

12 2. Page 2, by inserting after line 45 the
13 following:

14 "____. Page 10, by inserting after line 23, the
15 following:

16 "Sec. _____. Section 99F.6, subsection 6, as enacted
17 by 1989 Iowa Acts, Senate File 124, section 5, is
18 amended by striking the subsection and inserting in
19 lieu thereof the following:

20 8. a. The licensee or a holder of an occupational
21 license shall consent to the search, without a
22 warrant, by agents of the division of criminal
23 investigation of the department of public safety or
24 commission employees designated by the secretary of
25 the commission, of the licensee's or holder's person,
26 personal property, and effects, and premises which are
27 located on the excursion gambling boat or adjacent
28 facilities under control of the licensee, in order to
29 inspect or investigate for violations of this chapter
30 or rules adopted by the commission pursuant to this
31 chapter. The department or commission may also obtain
32 administrative search warrants under section 808.16.

33 b. However, this subsection shall not be construed
34 to permit a warrantless inspection of living quarters
35 or sleeping rooms on the riverboat if all of the
36 following are true:

37 (1) The licensee has specifically identified those
38 areas which are to be used as living quarters or
39 sleeping rooms in writing to the commission.

40 (2) Gaming is not permitted in the living quarters
41 or sleeping rooms, and devices, records, or other
42 items relating to the licensee's gaming operations are
43 not stored, kept, or maintained in the living quarters
44 or sleeping rooms.

45 (3) Alcoholic beverages are not stored, kept, or
46 maintained in the living quarters or sleeping rooms
47 except those legally possessed by the individual
48 occupying the quarters or room.

49 c. The commission shall adopt rules to enforce
50 this subsection.

S-4044 - Page 3

1 Sec. ____ . Section 537A.4, unnumbered paragraph 2,
2 Code 1989, is amended to read as follows:

3 This section does not apply to a contract for the
4 operation of or for the sale or rental of equipment
5 for games of skill or games of chance, if both the
6 contract and the games are in compliance with chapter
7 99B. This section does not apply to wagering under
8 the pari-mutuel method of wagering authorized by
9 chapter 99D. This section does not apply to the sale,
10 purchase or redemption of a ticket or share in the
11 state lottery in compliance with chapter 99E. This
12 section does not apply to the sale, purchase, or
13 redemption of any ticket or similar gambling device
14 legally purchased in Indian lands within this state."

15 3. Page 2, by inserting after line 47, the
16 following:

17 " ____ . Title page, line 6, by inserting after the
18 word "raffles," the following: "authorizing the
19 enforcement of agreements or compacts entered into
20 between the state and Indian tribes under the Indian
21 Gaming Regulatory Act, authorizing warrantless
22 searches of excursion gambling boats under certain
23 conditions, "."

24 4. By renumbering and relettering as necessary.

S-4044
FILED MAY 1, 1989

RECEIVED FROM THE HOUSE

Senat Concurred 5-2-89 (p1833)

HSB 85

STATE GOVERNMENT

7000

HOUSE FILE 470

BY (PROPOSED DEPARTMENT OF
INSPECTIONS AND APPEALS
BILL)

Passed House, Date _____ Passed Senate, Date _____

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

Approved _____

A BILL FOR

1 An Act relating to the department of inspections and appeals,
2 revising provisions governing the structure and allocation of
3 duties within the department, changing the structure for
4 racing and gaming regulation, providing changes in certain
5 statutory requirements relating to bingo and other games and
6 raffles, revising the audit responsibilities of the
7 department, and providing other properly related matters.

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

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1 Section 1. Section 10A.101, subsection 3, Code 1989, is
2 amended to read as follows:

3 3. "Administrators" "Administrator" means the chief
4 administrative law judge, chief inspector, chief investigator,
5 and chief auditor, or the person administering a division of
6 the department.

7 Sec. 2. Section 10A.104, subsection 2, Code 1989, is
8 amended to read as follows:

9 2. Employ the administrators of the divisions within the
10 department and all additional personnel, except the state
11 public defender, and assistant state public defender, local
12 public defenders, racing commission, employment appeal board,
13 and foster care review board, deemed necessary for the
14 administration of this chapter in accordance with chapter 19A.
15 The administrators of the divisions, appointed by the
16 director, are not exempt from the merit system.

17 Sec. 3. Section 10A.104, Code 1989, is amended by adding
18 the following new subsection:

19 NEW SUBSECTION. 9. Administer and enforce chapters 10A,
20 99B, 135B, 135C, 170, 170A, 170B, 170C, and 191A.

21 Sec. 4. Section 10A.106, subsection 5, Code 1989, is
22 amended by striking the subsection.

23 Sec. 5. Section 10A.106, Code 1989, is amended by adding
24 the following new unnumbered paragraph:

25 NEW UNNUMBERED PARAGRAPH. The allocation of departmental
26 duties to the divisions of the department in sections 10A.202,
27 10A.302, 10A.402, and 10A.502 does not prohibit the director
28 from reallocating departmental duties within the department.

29 Sec. 6. Section 10A.302, subsection 4, Code 1989, is
30 amended by striking the subsection.

31 Sec. 7. Section 10A.302, Code 1989, is amended by adding
32 the following new subsection:

33 NEW SUBSECTION. 5. Audits relating to the administration
34 and disbursement of funds from games of skill, games of
35 chance, and raffles.

1 Sec. 8. Section 99B.1, subsections 6 and 7, Code 1989, are
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 division department shall not exceed thirty
8 percent of net receipts.

9 7. "Net rent" means the total rental charge minus
10 reasonable expenses, charges, fees, and deductions allowed by
11 the division department.

12 Sec. 9. Section 99B.1, subsection 16, Code 1989, is
13 amended by striking the subsection and inserting in lieu
14 thereof the following:

15 16. "Department" means the department of inspections and
16 appeals.

17 Sec. 10. Section 99B.1, subsection 20, paragraphs a and c,
18 Code 1989, are amended to read as follows:

19 a. The applicant's financial standing and good reputation
20 are within the standards established by the division
21 department by rule under chapter 17A so as to satisfy the
22 administrator director of the division department that the
23 applicant will comply with this chapter and the rules
24 applicable to operations under it.

25 c. The applicant has not been convicted of a felony.
26 However, if the applicant's conviction occurred more than five
27 years before the date of the application for a license, and if
28 the applicant's rights of citizenship have been restored by
29 the governor, the administrator director of the division
30 department may determine that the applicant is an eligible
31 applicant.

32 Sec. 11. Section 99B.2, subsections 2, 4, and 5, Code
33 1989, are amended to read as follows:

34 2. A licensee other than one issued a license pursuant to
35 section 99B.3, 99B.6 or 99B.9 shall maintain proper books of

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

15 4. A licensee required by subsection 2 to maintain records
16 shall submit quarterly reports to the division department on
17 forms furnished by the division department. These reports
18 shall be due thirty days following the end of each calendar
19 quarter. The reports shall contain a compilation of the
20 information required to be recorded by subsection 2, and shall
21 include all of the transactions occurring during the three-
22 month period for which the report is submitted. Failure to
23 submit the quarterly reports is grounds for revocation of the
24 license. Willful failure to submit quarterly reports is a
25 serious misdemeanor. However, the time for filing of reports
26 may be extended for thirty days if the licensee makes written
27 request to the division department for an extension which
28 request shows good cause for granting the extension. A person
29 who intentionally files a false or fraudulent report or
30 application with the division department commits a fraudulent
31 practice.

32 5. An organization receiving funds reported as being
33 dedicated by a qualified organization shall maintain proper
34 books of account and records showing both the receipt and the
35 use of the funds. These records shall be made available to

1 the division department or a law enforcement agency for
2 inspection with or without notice at reasonable times. A
3 failure to permit inspection is a serious misdemeanor.

4 Sec. 12. Section 99B.6, subsection 1, paragraph j, Code
5 1989, is amended to read as follows:

6 j. A representative of the division department or a law
7 enforcement agency is immediately admitted, upon request, to
8 the premises with or without advance notice.

9 Sec. 13. Section 99B.7, subsection 1, paragraphs d and m,
10 Code 1989, are amended to read as follows:

11 d. Cash prizes shall not be awarded in games other than
12 bingo and raffles. The ~~actual-retail~~ value of ~~any-merchandise~~
13 ~~prizes~~ a prize shall not exceed fifty dollars and merchandise
14 prizes shall not be repurchased. If a prize consists of more
15 than one item, unit, or part, the aggregate value of all
16 items, units, or parts shall not exceed fifty dollars.

17 However, one raffle may be conducted per calendar year at
18 which ~~a-prize~~ prizes having a combined value not greater than
19 twenty thousand dollars may be awarded. If the prize is
20 merchandise, its value shall be determined by purchase price
21 paid by the organization or donor.

22 m. The person or organization conducting the game can show
23 to the satisfaction of the division department that the person
24 or organization is eligible for exemption from federal income
25 taxation under either section 501(c)(3), 501(c)(4), 501(c)(5),
26 501(c)(6), 501(c)(7), 501(c)(8), 501(c)(10) or 501(c)(19) of
27 the Internal Revenue Code, as defined in section 422.3.

28 However, this paragraph does not apply to a political party as
29 defined in section 43.2, to a nonparty political organization
30 that has qualified to place a candidate as its nominee for
31 statewide office pursuant to chapter 44, or to a candidate
32 candidate's committee as defined in section 56.2.

33 Sec. 14. Section 99B.7, subsection 3, paragraph c,
34 unnumbered paragraph 1, Code 1989, is amended to read as
35 follows:

1 A qualified organization shall distribute amounts awarded
2 as prizes on the day they are won. A qualified organization
3 shall dedicate and distribute the balance of the net receipts
4 received within a quarter and remaining after deduction of
5 reasonable expenses, charges, fees, taxes, and deductions
6 allowed by this chapter, before the quarterly report required
7 for that quarter under section 99B.2, subsection 4, is due.
8 The amount dedicated and distributed must equal at least
9 ~~seventy-five~~ seventy percent of the net receipts. A person
10 desiring to hold the net receipts for a period longer than
11 permitted under this paragraph shall apply to the ~~division~~
12 department for special permission and upon good cause shown
13 the ~~division~~ department may grant the request.

14 Sec. 15. Section 99B.9, subsection 1, paragraph j, Code
15 1989, is amended to read as follows:

16 j. A representative of the ~~division~~ department or a law
17 enforcement agency is immediately admitted, upon request, to
18 the premises with or without advance notice.

19 Sec. 16. Section 99B.9A, Code 1989, is amended to read as
20 follows:

21 99B.9A EXCEPTIONS FOR CERTAIN AREAS.

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

30 Sec. 17. Section 99B.13, unnumbered paragraph 1, Code
31 1989, is amended to read as follows:

32 The ~~division~~ department may ~~adopt, amend and repeat~~ rules
33 pursuant to chapter 17A to carry out the provisions of this
34 chapter. Rules adopted by the ~~administrator of the division~~
35 department may include but are not limited to the following:

1 Sec. 18. Section 99B.14, Code 1989, is amended to read as
2 follows:

3 99B.14 REVOCATION OF LICENSE.

4 The ~~division~~ department shall revoke a license issued
5 pursuant to this chapter if the licensee or an agent of the
6 licensee violates or permits a violation of a provision of
7 this chapter, or a ~~divisional~~ departmental rule adopted
8 pursuant to chapter 17A, or if a cause exists for which the
9 director of the department ~~of-inspections-and-appeals~~ would
10 have been justified in refusing to issue a license, or upon
11 the conviction of a person of a violation of this chapter or a
12 rule adopted under this chapter which occurred on the licensed
13 premises. However, the revocation of one type of gambling
14 license does not require the revocation of a different type of
15 gambling license held by the same licensee.

16 Revocation proceedings shall be held only after giving
17 notice and an opportunity for hearing to the licensee. Notice
18 shall be given at least ten days in advance of the date set
19 for hearing. If the ~~division~~ department finds cause for
20 revocation, the license shall be revoked for a period not to
21 exceed two years.

22 Sec. 19. Section 99B.17, Code 1989, is amended to read as
23 follows:

24 99B.17 GAMBLING ON CREDIT UNLAWFUL.

25 A person who tenders and a person who receives any promise,
26 agreement, note, bill, bond, contract, mortgage or other
27 security, or any negotiable instrument, as consideration for
28 any wager or bet, whether or not lawfully conducted or engaged
29 in pursuant to this chapter, commits a misdemeanor. This
30 section ~~shall~~ does not prohibit the payment by check of any
31 entry or participation fee assessed by the sponsor of a
32 contest lawful under section 99B.11. This section does not
33 prohibit payment by check by a participant to the sponsor of a
34 bingo occasion.

35 Sec. 20. Section 99B.19, Code 1989, is amended to read as

1 follows:

2 99B.19 ATTORNEY GENERAL AND COUNTY ATTORNEY.

3 Upon request of the ~~racing-and-gaming-division-of-the~~
4 department of inspections and appeals or the division of
5 criminal investigation of the department of public safety, the
6 attorney general shall institute in the name of the state the
7 proper proceedings against a person charged by either
8 department with violating this chapter, and a county attorney,
9 at the request of the attorney general, shall appear and
10 prosecute an action when brought in the county attorney's
11 county.

12 Sec. 21. Section 99B.20, Code 1989, is amended to read as
13 follows:

14 99B.20 DIVISION OF CRIMINAL INVESTIGATION.

15 The division of criminal investigation of the department of
16 public safety may investigate to determine licensee compliance
17 with the requirements of this chapter. Investigations may be
18 conducted either on the criminal investigation division's own
19 initiative or at the request of the ~~racing-and-gaming-division~~
20 ~~of-the~~ department of inspections and appeals. The criminal
21 investigation division and the ~~racing-and-gaming-division~~
22 department of inspections and appeals shall cooperate to the
23 maximum extent possible on an investigation.

24 Sec. 22. Section 99D.5, subsection 1, Code 1989, is
25 amended to read as follows:

26 1. A state racing commission is created within the
27 department of ~~commerce~~ inspections and appeals consisting of
28 five members who shall be appointed by the governor subject to
29 confirmation by the senate, and who shall serve not to exceed
30 a three-year term at the pleasure of the governor. The term
31 of each member shall begin and end as provided in section
32 69.19.

33 Sec. 23. Section 99D.6, Code 1989, is amended to read as
34 follows:

35 99D.6 CHAIRPERSON -- ADMINISTRATOR -- EMPLOYEES -- DUTIES

1 -- BOND.

2 The commission shall elect in July of each year one of its
3 members chairperson for the succeeding year. The commission
4 shall appoint an administrator of the ~~racing-and-gaming~~
5 ~~division-of-the-department-of-inspections-and-appeals~~
6 commission subject to confirmation by the senate. The
7 administrator shall serve a four-year term. The term shall
8 begin and end in the same manner as set forth in section
9 69.19. A vacancy shall be filled for the unexpired portion of
10 the term in the same manner as a full-term appointment is
11 made. The administrator may hire other assistants and
12 employees as necessary to carry out the ~~division's~~
13 commission's duties. Some or all of the information required
14 of applicants in section 99D.8A, subsections 1 and 2, may also
15 be required of employees of the ~~division~~ commission if the
16 commission deems it necessary. The administrator shall keep a
17 record of the proceedings of the commission, and preserve the
18 books, records, and documents entrusted to the administrator's
19 care. The commission shall require the administrator to post
20 a bond in a sum it may fix, conditioned upon the faithful
21 performance of the administrator's duties. Subject to the
22 approval of the governor, the commission shall fix the
23 compensation of the administrator within the salary range ~~five~~
24 as set by the general assembly. The ~~division~~ commission shall
25 have its headquarters in the city of Des Moines, and shall
26 meet in July of each year and at other times and places as it
27 finds necessary for the discharge of its duties.

28 Sec. 24. Section 10A.701, Code 1989, is repealed.

29 EXPLANATION

30 This bill relates to the structure and allocation of duties
31 of the department of inspections and appeals. The primary
32 emphasis is on the racing and gaming responsibilities of the
33 department. The bill eliminates the racing and gaming
34 division and places the gaming responsibilities directly under
35 the director. The state racing commission would appoint its

1 own administrator and would have responsibility for racing
2 regulation without being assigned to any division of the
3 department.

4 The bill also deletes language relating to auditing of the
5 administration and disbursement of funds from the energy
6 research and development fund designated for the
7 weatherization program or the energy assistance program. It
8 adds language requiring auditing of the administration and
9 disbursement of funds from games of skill, games of chance,
10 and raffles.

11 The bill revises a provision restricting the value of
12 prizes to state that if a prize consists of multiple items,
13 the aggregate value must not exceed fifty dollars. It also
14 reduces from 75 percent to 70 percent the proportion of net
15 receipts of games and raffles required to be dedicated and
16 distributed by a qualified organization. Another provision
17 allows a bingo participant to use a check to pay the sponsor
18 of a bingo occasion.

19 BACKGROUND STATEMENT

20 SUBMITTED BY THE AGENCY

21 This bill is intended to clarify responsibilities of the
22 Director of the Department of Inspections and Appeals and the
23 department itself and to transfer certain functions from a
24 division to the department.

25 Clarification is needed so the public understands which
26 department has what responsibilities. This clarification is
27 consistent with general chapters for other departments.

28 Gaming functions are being transferred from the Racing and
29 Gaming Division to the jurisdiction of the department for a
30 more efficient operation and best utilization of staff.

31 Consensus with the Racing and Gaming Division has been to
32 place the various gaming functions in the most appropriate
33 areas of the department already existing. As examples, the
34 newly hired bingo auditor is under the Audits Division, the
35 licensing is under the Inspections Division and the receipt

1 and deposit of licensing fees is under the Finance and
2 Services Division.

3 The Racing and Gaming Division would then become an entity
4 (Racing Commission) created within the Department of Inspec-
5 tions and Appeals rather than a division. If the Racing and
6 Gaming Division remains as a division, changes to chapter 99D
7 would be required to remove conflict of authority between the
8 Director and the Racing Commission.

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HOUSE FILE 490

AN ACT

RELATING TO THE DEPARTMENT OF INSPECTIONS AND APPEALS, RE-
VISING PROVISIONS GOVERNING THE STRUCTURE AND ALLOCATION
OF DUTIES WITHIN THE DEPARTMENT, CHANGING THE STRUCTURE
FOR RACING AND GAMING REGULATION, PROVIDING CHANGES IN
CERTAIN STATUTORY REQUIREMENTS RELATING TO BINGO AND
OTHER GAMES AND RAFFLES, AUTHORIZING THE ENFORCEMENT OF
AGREEMENTS OR COMPACTS ENTERED INTO BETWEEN THE STATE
AND INDIAN TRIBES UNDER THE INDIAN GAMING REGULATORY
ACT, AUTHORIZING WARRANTLESS SEARCHES OF EXCURSION GAM-
BLING BOATS UNDER CERTAIN CONDITIONS, REVISING THE
RESPONSIBILITIES OF THE DEPARTMENT, AND PROVIDING OTHER
PROPERLY RELATED MATTERS.

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

Section 1. Section 10A.101, subsection 3, Code 1989, is amended to read as follows:

1. "Administrators" "Administrator" means the chief administrative law judge, chief inspector, chief investigator, and chief auditor, or the person administering a division of the department.

Sec. 2. Section 10A.104, subsection 2, Code 1989, is amended to read as follows:

2. Employ Appoint the administrators of the divisions within the department and all additional other personnel deemed necessary for the administration of this chapter, except the state public defender, and assistant state public

~~defender, deemed necessary for the administration of this chapter in accordance with chapter 19A~~ defenders, administrator of the racing commission, members of the employment appeal board, and administrator of the state foster care review board. ~~The administrators of the divisions are not exempt from the merit system.~~ All persons appointed and employed in the department are covered by the provisions of chapter 19A, but persons not appointed by the director are exempt from the merit system provisions of chapter 19A.

Sec. 3. Section 10A.104, Code 1989, is amended by adding the following new subsection:

NEW SUBSECTION. 9. Administer and enforce chapters 10A, 99B, 135B, 135C, 170, 170A, 170B, 170C, and 191A.

Sec. 4. Section 10A.104, Code 1989, is amended by adding the following new subsection:

NEW SUBSECTION. 10. Enter into and implement agreements or compacts between the state of Iowa and Indian tribes located in the state which are entered into under the authority of the Indian Gaming Regulatory Act (25 U.S.C. § 2701 et seq.). The agreements or compacts shall contain provisions intended to implement the policies and objectives of the Indian Gaming Regulatory Act.

Sec. 5. Section 10A.105, Code 1989, is amended by striking the section and inserting in lieu thereof the following:

10A.105 CONFIDENTIALITY.

1. For the purposes of this section, "governmental entity" includes an administrative division within the department.

2. The confidentiality of all information in the department produced or collected during or as a result of a hearing, appeal, investigation, inspection, audit, or other function performed by the department on behalf of another governmental entity is governed by the law applicable to the records of that governmental entity. The department may provide information to a governmental entity for which it is conducting a hearing, appeal, inspection, audit, investigation, or other function.

3. The state shall maintain records and materials related to an agreement or compact entered into pursuant to the Indian Gaming Regulatory Act (25 U.S.C. § 2701 et seq.), as confidential records if confidentiality is required by the terms of the agreement or compact.

4. The lawful custodian of all records produced or collected during or as a result of any function performed by the department on behalf of another governmental entity is that governmental entity for the purpose of examination and copying pursuant to chapter 22.

5. If information in the possession of the department indicates that a criminal offense may have been committed, the information may be reported to the appropriate criminal justice or regulatory agency.

6. However, this section does not prohibit the department from releasing the minimal amount of information necessary in its judgment to conduct audits, inspections, investigations, appeals, and hearings, and does not prohibit the introduction of the information as evidence at any hearing conducted by the department.

7. The director, administrators, and their designees shall have access to all records deemed by the department to be pertinent to a hearing, appeal, audit, investigation, inspection, or other related function assigned under this chapter.

Sec. 6. Section 10A.106, subsection 5, Code 1989, is amended by striking the subsection.

Sec. 7. Section 10A.106, Code 1989, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The allocation of departmental duties to the divisions of the department in sections 10A.202, 10A.302, 10A.402, and 10A.502 does not prohibit the director from reallocating departmental duties within the department.

Sec. 8. Section 10A.202, subsection 1, paragraph g, Code 1989, is amended to read as follows:

g. Hearings and appeals relative to the ~~licensure or certification of hospitals, hospices, and health care facilities~~ administration of the department of inspections and appeals. Decisions of the division in this area are subject to review by the department of inspections and appeals.

Sec. 9. Section 10A.202, subsection 1, Code 1989, is amended by adding the following new paragraph:

NEW PARAGRAPH. m. Hearings and appeals relative to the administration of the department of revenue and finance. Decisions of the division in this area are subject to review by the department of revenue and finance.

Sec. 10. Section 10A.302, unnumbered paragraph 1, Code 1989, is amended to read as follows:

The administrator shall coordinate the division's conduct of various audits and other activities as otherwise provided for by law, except those conducted by the state auditor's office, including but not limited to the following:

Sec. 11. Section 10A.302, subsection 4, Code 1989, is amended by striking the subsection.

Sec. 12. Section 10A.302, Code 1989, is amended by adding the following new subsections:

NEW SUBSECTION. 5. Audits relating to the administration and disbursement of funds from games of skill, games of chance, and raffles.

NEW SUBSECTION. 6. Audit reviews of Iowa department of public health contractors.

NEW SUBSECTION. 7. Certification of targeted small businesses.

Sec. 13. Section 99B.1, subsections 6 and 7, Code 1989, are 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 division department shall not exceed thirty percent of net receipts.

7. "Net rent" means the total rental charge minus reasonable expenses, charges, fees, and deductions allowed by the division department.

Sec. 14. Section 99B.1, subsection 16, Code 1989, is amended by striking the subsection and inserting in lieu thereof the following:

16. "Department" means the department of inspections and appeals.

Sec. 15. Section 99B.1, subsection 20, paragraphs a and c, Code 1989, are amended to read as follows:

a. The applicant's financial standing and good reputation are within the standards established by the division department by rule under chapter 17A so as to satisfy the administrator director of the division department that the applicant will comply with this chapter and the rules applicable to operations under it.

c. The applicant has not been convicted of a felony. However, if the applicant's conviction occurred more than five years before the date of the application for a license, and if the applicant's rights of citizenship have been restored by the governor, the administrator director of the division department may determine that the applicant is an eligible applicant.

Sec. 16. Section 99B.2, subsections 2, 4, and 5, Code 1989, are amended to read as follows:

2. A licensee other than one issued a license pursuant to section 99B.3, 99B.6 or 99B.9 shall maintain proper books of account and records showing in addition to any other information required by the division department, gross receipts and the amount of the gross receipts taxes collected or accrued with respect to gambling activities, all expenses, charges, fees and other deductions, and the cash amounts, or the cost to the licensee of goods or other noncash valuables, distributed to participants in the licensed activity. If the licensee is a qualified organization, the amounts dedicated and the date and name and address of each person to whom

distributed also shall be kept in the books and records. The books of account and records shall be made available to the division department or a law enforcement agency for inspection at reasonable times, with or without notice. A failure to permit inspection is a serious misdemeanor.

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

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

Sec. 17. Section 99B.6, subsection 1, paragraph j, Code 1989, is amended to read as follows:

j. A representative of the division department or a law enforcement agency is immediately admitted, upon request, to the premises with or without advance notice.

Sec. 18. Section 99B.7, subsection 1, paragraph c, unnumbered paragraph 1, Code 1989, is amended to read as follows:

Cash or merchandise prizes may be awarded in the game of bingo and, except as otherwise provided in this paragraph, shall not exceed one hundred dollars. Merchandise prizes may be awarded in the game of bingo, however, but 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 the maximum provided by this paragraph. A jackpot bingo game may be conducted once during any twenty-four hour period in which the prize may begin at not more than three hundred dollars in cash or actual retail value of merchandise prizes and may be increased by not more than one hundred dollars after each day's-game bingo occasion. However, the cost of play in a jackpot bingo game shall not be increased and the jackpot shall not amount to more than seven eight 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.

Sec. 19. Section 99B.7, subsection 1, paragraphs d and m, Code 1989, are amended to read as follows:

d. Cash prizes shall not be awarded in games other than bingo and raffles. The actual-retail value of any-merchandise prizes a prize shall not exceed fifty dollars and merchandise prizes shall not be repurchased. If a prize consists of more than one item, unit, or part, the aggregate value of all

items, units, or parts shall not exceed fifty dollars. However, one raffle may be conducted per calendar year at which a-prize prizes having a combined value not greater than twenty thousand dollars may be awarded. If the prize is merchandise, its value shall be determined by purchase price paid by the organization or donor.

m. The person or organization conducting the game can show to the satisfaction of the division 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, as defined in section 422.3. However, this paragraph does not apply to a political party as defined in section 43.2, to a nonparty political organization that has qualified to place a candidate as its nominee for statewide office pursuant to chapter 44, or to a candidate candidate's committee as defined in section 56.2.

Sec. 20. Section 99B.7, subsection 3, paragraph b, Code 1989, 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 seventy-five 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 does 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~~ seventy-five percent dedication requirement shall not be used by the donee to pay any expenses in connection with the conducting of bingo by the donor organization, or for any cause, deed, or activity that would not constitute a valid dedication under this section.

Sec. 21. Section 99B.7, subsection 3, paragraph c, unnumbered paragraph 1, Code 1989, is amended to read as follows:

A qualified organization shall distribute amounts awarded as prizes on the day they are won. A qualified organization shall dedicate and distribute the balance of the net receipts received within a quarter and remaining after deduction of reasonable expenses, charges, fees, taxes, and deductions allowed by this chapter, before the quarterly report required for that quarter under section 99B.2, subsection 4, is due. The amount dedicated and distributed must equal at least seventy-five percent of the net receipts. A person desiring to hold the net receipts for a period longer than permitted under this paragraph shall apply to the division department

for special permission and upon good cause shown the division department may grant the request.

Sec. 22. Section 99B.9, subsection 1, paragraph j, Code 1989, is amended to read as follows:

j. A representative of the division department or a law enforcement agency is immediately admitted, upon request, to the premises with or without advance notice.

Sec. 23. Section 99B.9A, Code 1989, is amended to read as follows:

99B.9A EXCEPTIONS FOR CERTAIN AREAS.

The division department may, at its discretion, allow a qualified organization under section 99B.7 to hold a game of bingo in a building where another qualified organization also holds a game of bingo or where the building is adjacent, but not intracommunicated, with an establishment holding a liquor license and the building is located in a municipality of a recorded census of less than two thousand people and the municipality is not located adjacent to another municipality.

Sec. 24. Section 99B.10, subsection 1, Code 1989, is amended by striking the subsection and inserting in lieu thereof the following:

1. A prize of merchandise exceeding five dollars in value or cash shall not be awarded for use of the device. However, a mechanical or amusement device may be designed or adapted to award a prize or one or more free games or portions of games without payment of additional consideration by the participant.

Sec. 25. Section 99B.13, unnumbered paragraph 1, Code 1989, is amended to read as follows:

The division department may adopt, ~~amend and repeal~~ rules pursuant to chapter 17A to carry out the provisions of this chapter. Rules adopted by the ~~administrator of the division department~~ division department may include but are not limited to the following:

Sec. 26. Section 99B.14, Code 1989, is amended to read as follows:

99B.14 REVOCATION OF LICENSE.

The ~~division 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 ~~divisional departmental~~ rule adopted pursuant to chapter 17A, or if a cause exists for which the director of the department ~~of inspections and appeals~~ would have been justified in refusing to issue a license, or upon the conviction of a person of a violation of this chapter or 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.

Revocation proceedings shall be held only after giving notice and an opportunity for hearing to the licensee. Notice shall be given at least ten days in advance of the date set for hearing. If the ~~division department~~ finds cause for revocation, the license shall be revoked for a period not to exceed two years.

Sec. 27. Section 99B.17, Code 1989, is amended to read as follows:

99B.17 GAMBLING ON CREDIT UNLAWFUL.

A person who tenders and a person who receives any promise, agreement, note, bill, bond, contract, mortgage or other security, or any negotiable instrument, as consideration for any wager or bet, whether or not lawfully conducted or engaged in pursuant to this chapter, commits a misdemeanor. ~~This section shall not prohibit the payment by check of~~ However, a participant in a bingo occasion or in a contest lawful under section 99B.11 may make payment by personal check for any entry or participation fee assessed by the sponsor of a the bingo occasion or contest lawful under section 99B.11.

Sec. 28. Section 99B.19, Code 1989, is amended to read as follows:

99B.19 ATTORNEY GENERAL AND COUNTY ATTORNEY.

Upon request of the ~~racing-and-gaming-division-of-the~~ department of inspections and appeals or the division of

criminal investigation of the department of public safety, the attorney general shall institute in the name of the state the proper proceedings against a person charged by either department with violating this chapter, and a county attorney, at the request of the attorney general, shall appear and prosecute an action when brought in the county attorney's county.

Sec. 29. Section 99B.20, Code 1989, is amended to read as follows:

99B.20 DIVISION OF CRIMINAL INVESTIGATION.

The division of criminal investigation of the department of public safety may investigate to determine licensee compliance with the requirements of this chapter. Investigations may be conducted either on the criminal investigation division's own initiative or at the request of the ~~racing-and-gaming-division of-the~~ department of inspections and appeals. The criminal investigation division and the ~~racing-and-gaming-division~~ department of inspections and appeals shall cooperate to the maximum extent possible on an investigation.

Sec. 30. Section 99D.5, subsection 1, Code 1989, is amended to read as follows:

1. A state racing commission is created within the department of commerce inspections and appeals consisting of five members who shall be appointed by the governor subject to confirmation by the senate, and who shall serve not to exceed a three-year term at the pleasure of the governor. The term of each member shall begin and end as provided in section 69.19.

Sec. 31. Section 99D.6, Code 1989, is amended to read as follows:

99D.6 CHAIRPERSON -- ADMINISTRATOR -- EMPLOYEES -- DUTIES -- BOND.

The commission shall elect in July of each year one of its members chairperson for the succeeding year. The commission shall appoint an administrator of the ~~racing-and-gaming-division-of-the-department-of-inspections-and-appeals~~

commission subject to confirmation by the senate. The administrator shall serve a four-year term. The term shall begin and end in the same manner as set forth in section 69.19. A vacancy shall be filled for the unexpired portion of the term in the same manner as a full-term appointment is made. The administrator may hire other assistants and employees as necessary to carry out the division's commission's duties. Some or all of the information required of applicants in section 99D.8A, subsections 1 and 2, may also be required of employees of the division commission if the commission deems it necessary. The administrator shall keep a record of the proceedings of the commission, and preserve the books, records, and documents entrusted to the administrator's care. The commission shall require the administrator to post a bond in a sum it may fix, conditioned upon the faithful performance of the administrator's duties. Subject to the approval of the governor, the commission shall fix the compensation of the administrator within the salary range five as set by the general assembly. The division commission shall have its headquarters in the city of Des Moines, and shall meet in July of each year and at other times and places as it finds necessary for the discharge of its duties.

Sec. 32. Section 99D.7, subsection 8, Code 1989, is amended to read as follows:

8. To investigate alleged violations of this chapter or the commission rules, orders, or final decisions and to take appropriate disciplinary action against a licensee or a holder of an occupational license for the violation, or institute appropriate legal action for enforcement, or both. Decisions by the commission are final agency actions pursuant to chapter 17A.

Sec. 33. Section 99P.6, subsection 8, as enacted by 1989 Iowa Acts, Senate File 124, section 6, is amended by striking the subsection and inserting in lieu thereof the following:

8. a. The licensee or a holder of an occupational license shall consent to the search, without a warrant, by agents of

the division of criminal investigation of the department of public safety or commission employees designated by the secretary of the commission, of the licensee's or holder's person, personal property, and effects, and premises which are located on the excursion gambling boat or adjacent facilities under control of the licensee, in order to inspect or investigate for violations of this chapter or rules adopted by the commission pursuant to this chapter. The department or commission may also obtain administrative search warrants under section 80B.14.

b. However, this subsection shall not be construed to permit a warrantless inspection of living quarters or sleeping rooms on the riverboat if all of the following are true:

(1) The licensee has specifically identified those areas which are to be used as living quarters or sleeping rooms in writing to the commission.

(2) Gaming is not permitted in the living quarters or sleeping rooms, and devices, records, or other items relating to the licensee's gaming operations are not stored, kept, or maintained in the living quarters or sleeping rooms.

(3) Alcoholic beverages are not stored, kept, or maintained in the living quarters or sleeping rooms except those legally possessed by the individual occupying the quarters or room.

c. The commission shall adopt rules to enforce this subsection.

Sec. 34. Section 537A.4, unnumbered paragraph 2, Code 1989, is amended to read as follows:

This section does not apply to a contract for the operation of or for the sale or rental of equipment for games of skill or games of chance, if both the contract and the games are in compliance with chapter 99B. This section does not apply to wagering under the pari-mutuel method of wagering authorized by chapter 99D. This section does not apply to the sale, purchase or redemption of a ticket or share in the state lottery in compliance with chapter 99E. This section does not

apply to the sale, purchase, or redemption of any ticket or similar gambling device legally purchased in Indian lands within this state.

Sec. 35. Section 10A.701, Code 1989, is repealed.

DONALD D. AVENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 490, Seventy-third General Assembly.

Approved May 26, 1989

JOSEPH O'HERN
Chief Clerk of the House

TERRY E. BRANSTAD
Governor