

(P.939) 3-17-94 motion to R/C by Rafferty, & another  
member  
(P.786) 3-21-94 All motions to R/C withdrawn

FEB 11 1994

HOUSE FILE 2179  
BY COMMITTEE ON STATE GOVERNMENT

Place On Calendar

(SUCCESSOR TO HSB 606)

Passed House, Date (P.757) 3-17-94 Passed Senate, Date (P.933) 3/30/94  
Vote: Ayes 51 Nays 49 Vote: Ayes 27 Nays 8 23  
Approved March 31, 1994

A BILL FOR

1 An Act relating to the regulation of pari-mutuel racetracks by  
2 reducing the required number of live racing days and providing  
3 an effective date.

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

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HF 2179

1 Section 1. Section 99D.11, subsection 6, paragraph b, Code  
2 1993, is amended to read as follows:

3 b. The commission may authorize the licensee to  
4 simultaneously telecast within the racetrack enclosure, for  
5 the purpose of pari-mutuel wagering, a horse or dog race  
6 licensed by the racing authority of another state. It is the  
7 responsibility of each licensee to obtain the consent of  
8 appropriate racing officials in other states as required by  
9 the federal Interstate Horseracing Act of 1978, 15 U.S.C. §  
10 3001-3007, to televise races for the purpose of conducting  
11 pari-mutuel wagering. A licensee may also obtain the  
12 permission of a person licensed by the commission to conduct  
13 horse or dog races in this state to televise races conducted  
14 by that person for the purpose of conducting pari-mutuel  
15 racing. However, arrangements made by a licensee to televise  
16 any race for the purpose of conducting pari-mutuel wagering  
17 are subject to the approval of the commission, and the  
18 commission shall select the races to be televised. The races  
19 selected by the commission shall be the same for all licensees  
20 approved by the commission to televise races for the purpose  
21 of conducting pari-mutuel wagering. The commission shall not  
22 authorize the simultaneous telecast or televising of and a  
23 licensee shall not simultaneously telecast or televise any  
24 horse or dog race for the purpose of conducting pari-mutuel  
25 wagering unless the simultaneous telecast or televising is  
26 done at the racetrack of a licensee that schedules no less  
27 than ~~ninety~~ sixty performances of nine live races each day of  
28 the season. For purposes of the taxes imposed under this  
29 chapter, races televised by a licensee for purposes of pari-  
30 mutuel wagering shall be treated as if the races were held at  
31 the racetrack of the licensee.

32 Sec. 2. This Act, being deemed of immediate importance,  
33 takes effect upon enactment.

34 EXPLANATION

35 This bill reduces the required number of days of live

1 racing at pari-mutuel racetracks from 90 days to 60 days to  
2 qualify for simultaneous telecasting.

3 This bill, being deemed of immediate importance, takes  
4 effect upon enactment.

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## HOUSE FILE 2179

5086

Amend House File 2179 as follows:

1. Page 1, by inserting after line 31 the following:

"Sec. \_\_\_\_ . Section 99D.15, subsection 1, unnumbered paragraph 1, Code 1993, is amended to read as follows:

A tax of six percent is imposed on the gross sum wagered by the pari-mutuel method at each horse race meeting and each simultaneous telecast race. The tax imposed by this subsection shall be paid by the licensee to the commission within ten days after the close of each horse race meeting and shall be distributed as follows:

Sec. \_\_\_\_ . Section 99D.15, subsections 2 and 4, Code 1993, are amended to read as follows:

2. A tax credit of up to five percent of the gross sum wagered per year shall be granted to licensees licensed for horse races and paid into a special fund to be used for debt retirement ~~or operating expenses~~. However, the tax credit is equal to six percent of the gross sum wagered in a year when the gross sum wagered is less than ninety million dollars. Any portion of the credit not used in a particular year shall be retained by the commission. A tax credit shall first be assessed against any share going to a city, then to the share going to a county, and then to the share going to the state.

4. A tax of two percent is imposed on the gross sum wagered by the pari-mutuel method on ~~horse-races~~ and dog races which are simultaneously telecast. The tax imposed by this subsection is in lieu of the taxes imposed pursuant to subsection ~~1-or~~ 3, but the tax revenue ~~from simulcast horse races shall be distributed as provided in subsection 1 and the tax revenue~~ from simulcast dog races shall be distributed as provided in subsection 3."

By FALLON of Polk

H-5086 FILED FEBRUARY 21, 1994

*not in order*  
*3-17-94*  
*(p. 134)*

HOUSE FILE 2179

H-5219

1 Amend House File 2179 as follows:

2 1. Page 1, line 6, by inserting after the word  
3 "state." the following: "The commission may also  
4 authorize the licensee of an excursion gambling boat  
5 licensed pursuant to chapter 99F to simultaneously  
6 telecast on the excursion gambling boat for the  
7 purpose of pari-mutuel wagering, a horse or dog race  
8 licensed by another state. The commission shall adopt  
9 rules to regulate the simultaneous telecast of dog and  
10 horse races for the purpose of pari-mutuel wagering on  
11 a licensed excursion gambling boat in compliance with  
12 this chapter, except that the licensee of an excursion  
13 gambling boat shall not be required to conduct live  
14 aces."

15 2. Title page, line 2, by inserting after the  
16 word "days" the following: ", the regulation of  
17 simultaneously telecast pari-mutuel horse and dog  
18 races on excursion gambling boats,".

By HANSEN of Woodbury

H-5219 FILED MARCH 8, 1994

WITHDRAWN  
3-17-94

## HOUSE FILE 2179

H-5223

Amend House File 2179 as follows:

1. Page 1, by inserting after line 31 the following:  
"Sec. \_\_\_\_ . Section 99F.7, subsection 10, Code Supplement 1993, is amended by adding the following new paragraph:  
NEW PARAGRAPH. d. For an election held pursuant to this section in counties having a population of three hundred thousand or more, the expenditure of funds for and against the ballot proposition is limited to forty thousand dollars. Within ten days after the board of supervisors announces the date of a special election called pursuant to the section, all individuals or other persons who plan to spend moneys to support passage or rejection of the ballot proposition shall file a petition with the county commissioner of election indicating the amount of money the person plans to spend favoring or opposing the ballot proposition. After the ten days have expired, the county commissioner of elections shall total the sums of money which the proponents and opponents have petitioned to spend. If the total planned expenditures for or against the ballot proposition exceeds twenty thousand dollars, the county commissioner of elections shall allocate the allowable campaign expenditures among the petitioners in proportion to the amount of expenditures requested by each petitioner. The commissioner of elections shall notify each petitioner of the petitioner's campaign expenditure limitation by certified mail. Within sixty days after the date of the election, each petitioner shall file a report of campaign expenditures with the county commissioner of elections specifying the amount and purpose of each campaign expenditure. A person who violates this paragraph by failing to file a campaign report as required, by knowingly filing a false or incomplete campaign report, or by spending more to campaign for or against a ballot proposition than is authorized by the commissioner of elections pursuant to this paragraph is guilty of a serious misdemeanor."

By FALLON of Polk

H-5223 FILED MARCH 8, 1994

*out of order  
3-17-94  
(P. 734)*

HOUSE FILE 2179

H-5333

1 Amend House File 2179 as follows:

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

4 "Section 1. Section 99D.9, subsection 1, Code  
5 1993, is amended to read as follows:

6 1. If the commission is satisfied that its rules  
7 and sections 99D.8 through 99D.25 applicable to  
8 licensees have been or will be complied with, it may  
9 issue a license for a period of not more than three  
10 years. The commission may decide which types of  
11 racing it will permit. The commission may permit dog  
12 racing, horse racing of various types or both dog and  
13 horse racing. The commission shall decide the number,  
14 location, and type of all racetracks licensed under  
15 this chapter. The license shall set forth the name of  
16 the licensee, the type of license granted, the place  
17 where the race meeting is to be held, and the time and  
18 number of days during which racing may be conducted by  
19 the licensee. The commission shall not approve the  
20 licenses for racetracks in Dubuque county and Black  
21 Hawk county if the proposed racing schedules of the  
22 two tracks conflict. The commission shall not approve  
23 a license application if any part of the racetrack is  
24 to be constructed on prime farmland outside the city  
25 limits of an incorporated city. As used in this  
26 subsection, "prime farmland" means as defined by the  
27 United States department of agriculture in 7 C.F.R.  
28 sec. 657.5(a). A license is not transferable or  
29 assignable. The commission may revoke any license  
30 issued for good cause upon reasonable notice and  
31 hearing. The commission shall conduct a neighborhood  
32 impact study to determine the impact of granting a  
33 license on the quality of life in neighborhoods  
34 adjacent to the proposed racetrack facility. The  
35 applicant for the license shall reimburse the  
36 commission for the costs incurred in making the study.  
37 A copy of the study shall be retained on file with the  
38 commission and shall be a public record. The study  
39 shall be completed before the commission may issue a  
40 license for the proposed facility."

41 2. Page 1, by inserting after line 31 the  
42 following:

43 "Sec. 3. Section 99F.1, subsections 8 and 15, Code  
44 1993, are amended by striking the subsections.

45 Sec. 4. Section 99F.1, subsection 10, Code 1993,  
46 is amended to read as follows:

47 10. "Gambling game" means any game of chance  
48 authorized by the commission. However, for racetrack  
49 enclosures, "gambling game" does not include table  
50 games of chance. "Gambling game" does not include

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Page 2

1 sports betting.

2 Sec. 5. Section 99F.1, Code 1993, is amended by  
3 adding the following new subsection:

4 NEW SUBSECTION. 17. "Racetrack enclosure" means  
5 the grandstand, clubhouse, turf club, or other areas  
6 of a licensed racetrack which an individual may enter  
7 only upon payment of an admission fee or upon  
8 presentation of authorized credentials. "Racetrack  
9 enclosure" also means any additional areas designated  
10 by the commission.

11 Sec. 6. Section 99F.4, subsection 4, Code  
12 Supplement 1993, is amended to read as follows:

13 4. ~~To regulate the wagering structure for gambling~~  
14 ~~excursions including providing a maximum wager of five~~  
15 ~~dollars per hand or play and maximum loss of two~~  
16 ~~hundred dollars per individual player per gambling~~  
17 ~~excursion license the licensee of a pari-mutuel dog or~~  
18 ~~horse racetrack enclosure subject to the provisions of~~  
19 ~~this chapter and rules adopted pursuant to this~~  
20 ~~chapter relating to gambling except as otherwise~~  
21 ~~provided in section 99F.4A.~~

22 Sec. 7. Section 99F.4, subsection 17, Code  
23 Supplement 1993, is amended to read as follows:

24 17. ~~To define the excursion season and the~~  
25 ~~duration of an excursion which shall be at least three~~  
26 ~~hours during the excursion season. For the off~~  
27 ~~season, the commission shall adopt rules limiting~~  
28 ~~times of admission to excursion gambling boats~~  
29 ~~consistent with maximum loss per player per gambling~~  
30 ~~excursion specified in subsection 4. While an~~  
31 ~~excursion gambling boat is docked, passengers may~~  
32 ~~embark or disembark at any time during its business~~  
33 ~~hours.~~

34 Sec. 8. Section 99F.4, subsection 20, Code  
35 Supplement 1993, is amended by striking the  
36 subsection.

37 Sec. 9. NEW SECTION. 99F.4A GAMBLING GAMES AT  
38 PARI-MUTUEL RACETRACKS -- FEES AND TAXES.

39 1. Upon application, the commission shall license  
40 the licensee of a pari-mutuel dog or horse racetrack  
41 to operate gambling games at a pari-mutuel racetrack  
42 enclosure subject to the provisions of this chapter  
43 and rules adopted pursuant to this chapter relating to  
44 gambling except as otherwise provided in this section.

45 2. A license to operate gambling games shall be  
46 issued only to a licensee holding a valid license to  
47 conduct pari-mutuel dog or horse racing pursuant to  
48 chapter 99D on January 1, 1994.

49 3. A person holding a valid license pursuant to  
50 chapter 99D to conduct pari-mutuel wagering at a dog

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1 or horse racetrack is exempt from further  
2 investigation and examination for licensing to operate  
3 a gambling game pursuant to this chapter. However,  
4 the commission may order future investigations or  
5 examinations as the commission finds appropriate.  
6 4. The fee imposed in section 99D.14, subsection  
7 2, shall be collected for admission to a racetrack  
8 enclosure where gambling games are licensed to operate  
9 in lieu of the admission fee imposed in section  
10 99F.10.

11 5. In lieu of the annual license fee specified in  
12 section 99F.5, the annual license fee for operating  
13 gambling games at a pari-mutuel racetrack shall be one  
14 thousand dollars.

15 6. The adjusted gross receipts received from  
16 gambling games shall be taxed at the same rates and  
17 the proceeds distributed in the same manner as  
18 provided in section 99F.11.

19 7. A licensee shall keep its books and records  
20 regarding the operation of gambling games in  
21 compliance with section 99F.12, as applicable.

22 Sec. 10. Section 99F.5, subsection 1, Code 1993,  
23 is amended to read as follows:

24 1. A qualified sponsoring organization may apply  
25 to the commission for a license to conduct gambling  
26 games on an excursion gambling boat as provided in  
27 this chapter. A person may apply to the commission  
28 for a license to operate an excursion gambling boat.  
29 The application shall be filed with the administrator  
30 of the commission at least ninety days before the  
31 first day of the next excursion season as determined  
32 by the commission, shall identify the excursion  
33 gambling boat upon which gambling games will be  
34 authorized, shall specify the exact location where the  
35 excursion gambling boat will be docked, and shall be  
36 in a form and contain information as the commission  
37 prescribes. The minimum passenger capacity of an  
38 excursion gambling boat is two hundred fifty persons.

39 Sec. 11. Section 99F.6, subsection 4, Code 1993,  
40 is amended to read as follows:

41 4. Before a license is granted, the division of  
42 criminal investigation of the department of public  
43 safety shall conduct a thorough background  
44 investigation of the applicant for a license to  
45 operate a gambling game operation on an excursion  
46 gambling boat. The applicant shall provide  
47 information on a form as required by the division of  
48 criminal investigation. Before a qualified sponsoring  
49 organization is licensed to operate gambling games  
50 under this chapter, the qualified sponsoring

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1 organization shall certify that the receipts of all  
2 gambling games, less reasonable expenses, charges,  
3 taxes, fees, and deductions allowed under this  
4 chapter, will be distributed as winnings to players or  
5 participants or will be distributed for educational,  
6 civic, public, charitable, patriotic, or religious  
7 uses as defined in section 99B.7, subsection 3,  
8 paragraph "b". However, if a licensee who is also  
9 licensed to conduct pari-mutuel wagering at a horse  
10 racetrack has unpaid debt from the pari-mutuel  
11 racetrack operations, the first receipts of the  
12 gambling games operated within the racetrack enclosure  
13 less reasonable operating expenses, taxes, and fees  
14 allowed under this chapter shall be first used to pay  
15 the annual indebtedness. The commission shall  
16 authorize, subject to the debt payments, a licensee  
17 who is also licensed to conduct pari-mutuel dog or  
18 horse racing to use receipts from gambling games  
19 within the racetrack enclosure to supplement purses  
20 for races particularly for Iowa-bred horses pursuant  
21 to an agreement which shall be negotiated between the  
22 licensee and representatives of the dog or horse  
23 owners. A qualified sponsoring organization shall not  
24 make a contribution to a candidate, political  
25 committee, candidate's committee, state statutory  
26 political committee, county statutory political  
27 committee, national political party, or fund-raising  
28 event as these terms are defined in section 56.2. The  
29 membership of the board of directors of a qualified  
30 sponsoring organization shall represent a broad  
31 interest of the communities.

32 Sec. 12. Section 99F.7, subsection 5, paragraph a,  
33 Code Supplement 1993, is amended by striking the  
34 paragraph.

35 Sec. 13. Section 99F.7, subsection 10, paragraph  
36 c, Code Supplement 1993, is amended to read as  
37 follows:

38 c. If, after ~~July 17, 1989~~ January 1, 1994, section  
39 99F.4, subsection 4, or 99F.9, subsection 2, is  
40 amended or stricken, including any amending or  
41 striking by this Act, or a licensee of a pari-mutuel  
42 racetrack who held a valid license issued under  
43 chapter 99D as of January 1, 1994, requests a license  
44 to operate gambling games as provided in this chapter,  
45 the board of supervisors of a county in which  
46 excursion boat gambling has been approved or in which  
47 the licensee of a pari-mutuel racetrack requests a  
48 license to operate gambling games shall submit to the  
49 county electorate a proposition to approve or  
50 disapprove the conduct of gambling games on excursion

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1 gambling boats or the operation of gambling games at  
2 pari-mutuel racetracks at a special election at the  
3 earliest practicable time. If excursion boat gambling  
4 is not approved by a majority of the county electorate  
5 voting on the proposition at the election, paragraph  
6 "b" does not apply to the licenses and the commission  
7 shall cancel the licenses issued for the county within  
8 sixty days of the unfavorable referendum. If the  
9 operation of gambling games at the pari-mutuel  
10 racetrack is not approved by a majority of the county  
11 electorate voting on the proposition at the election,  
12 the commission shall not issue a license to operate  
13 gambling games at the racetrack.

14 Sec. 14. Section 99F.9, subsection 2, Code 1993,  
15 is amended by striking the subsection.

16 Sec. 15. Section 99F.9, subsection 3, Code 1993,  
17 is amended to read as follows:

18 3. The licensee may receive wagers only from a  
19 person present on a licensed excursion gambling boat  
20 or in a licensed racetrack enclosure.

21 Sec. 16. Section 99F.9, subsection 4, Code 1993,  
22 is amended to read as follows:

23 4. The licensee shall exchange the money of each  
24 wagerer for tokens, chips, or other forms of credit to  
25 be wagered on the gambling games. However, nickels  
26 and quarters of legal tender may be used for wagering  
27 in lieu of tokens or other forms of credit. The

28 licensee shall exchange the gambling tokens, chips, or  
29 other forms of wagering credit for money at the  
30 request of the wagerer.

31 Sec. 17. Section 99F.9, subsections 5 and 7, Code  
32 1993, are amended by striking the subsection.

33 Sec. 18. Section 99F.15, subsection 3, Code 1993,  
34 is amended to read as follows:

35 3. A person wagering or accepting a wager at any  
36 location outside the an excursion gambling boat or a  
37 racetrack enclosure is in violation of section 725.7.

38 Sec. 19. Section 99F.16, subsection 2, Code 1993,  
39 is amended to read as follows:

40 2. At Except for coins authorized in section  
41 99F.9, subsection 4, all moneys, coin, and currency  
42 found in close proximity of wagers, or of records of  
43 wagers are presumed forfeited. The burden of proof is  
44 upon the claimant of the property to rebut this  
45 presumption.

46 Sec. 20. ADDITIONAL GAMBLING REVENUE. For the  
47 fiscal year beginning July 1, 1994, and ending June  
48 30, 1995, all gambling revenue received by the state  
49 pursuant to chapters 99D and 99F in excess of  
50 \$11,100,000 shall be credited to the cash reserve fund

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1 created in section 8.56."

2 3. Title page, by striking lines 1 through 3 and  
3 inserting the following: "An Act relating to gambling  
4 and the regulation of gambling at pari-mutuel  
5 racetracks and on excursion gambling boats, providing  
6 for a county referendum, imposing a tax, allocating  
7 gaming revenues, providing an effective date,  
8 providing for other properly related matters, and  
9 subjecting violators to existing penalties."

By MILLAGE of Scott

HENDERSON of Scott

OLLIE of Clinton

SPENNER of Henry

MARTIN of Scott

NELSON of Pottawattamie

ARNOULD of Scott

WEIDMAN of Cass

WISE of Lee

MCCOY of Polk

HALVORSON of Clayton

BRAUNS of Muscatine

H-5333 FILED MARCH 14, 1994

*Adopted 3-17-94*  
*(P. 734)*

HOUSE FILE 2179

H-5410

1 Amend the amendment, H-5333, to House File 2179 as  
2 follows:

3 1. Page 3, by inserting after line 21 the  
4 following:

5 "Sec. \_\_\_\_ . NEW SECTION. 99F.4B GAMBLING GAMES AT  
6 CLASS "C" LIQUOR CONTROL PREMISES.

7 1. Upon application, the commission shall license  
8 the holder of a valid class "C" liquor control license  
9 to operate not more than two gambling games in the  
10 licensed premises subject to the provisions of this  
11 chapter and rules adopted pursuant to this chapter  
12 relating to gambling except as otherwise provided in  
13 this section.

14 2. The commission is not required to conduct  
15 further investigation or examination of an applicant  
16 if the applicant holds a valid class "C" liquor  
17 control license.

18 3. An admission fee to the class "C" liquor  
19 control licensed premise where the gambling games are  
20 located is not required.

21 4. The annual license fee for operating gambling  
22 games in a class "C" liquor control licensed premises  
23 is one hundred dollars for each gambling game.

24 5. The tax imposed on the gambling games shall be  
25 at the rate of seven percent of the adjusted gross  
26 receipts received from each gambling game. The tax  
27 revenue shall be distributed as provided in section  
28 99F.11.

29 6. A licensee shall keep its books and records  
30 regarding the operation of gambling games in  
31 compliance with section 99F.12, as applicable."

*Lost 3-17-94 (p. 710)* By HANSEN of Woodbury  
H-5410 FILED MARCH 15, 1994

HOUSE FILE 2179

H-5419

1 Amend the amendment, H-5333, to House File 2179 as  
2 follows:

3 1. Page 5, by inserting after line 32 the  
4 following:

5 "Sec. \_\_\_\_ . Section 99F.9, Code 1993, is amended by  
6 adding the following new subsection:

7 NEW SUBSECTION. 8. A licensee shall not accept a  
8 credit card as defined in section 537.1301, subsection  
9 16, to purchase coins, tokens, or other forms of  
10 credit to be wagered on gambling games."

By DICKINSON of Jackson  
H-5419 FILED MARCH 16, 1994

*adopted 3-17-94 (p. 714)*

HOUSE FILE 2179

H-5391

1 Amend the amendment, H-5333, to House File 2179 as  
 2 follows:  
 3 1. Page 5, by inserting after line 32 the  
 4 following:  
 5 "Sec. \_\_\_\_ . Section 99F.11, unnumbered paragraph 1,  
 6 Code 1993, is amended to read as follows:  
 7 A tax is imposed on the adjusted gross receipts  
 8 received annually from gambling games on excursion  
 9 gambling boats authorized under this chapter at the  
 10 rate of five percent on the first one million dollars  
 11 of adjusted gross receipts, at the rate of ten percent  
 12 on the next two million dollars of adjusted gross  
 13 receipts, and at the rate of twenty percent on any  
 14 amount of adjusted gross receipts over three million  
 15 dollars. A tax is imposed on the adjusted gross  
 16 receipts received annually from gambling games at  
 17 racetrack enclosures at the rate of ten percent on the  
 18 first one million dollars of adjusted gross receipts,  
 19 at the rate of twenty percent on the next two million  
 20 dollars of adjusted gross receipts, and at the rate of  
 21 forty percent on any amount of adjusted gross receipts  
 22 over three million dollars. The taxes imposed by this  
 23 section shall be paid by the licensee to the treasurer  
 24 of state within ten days after the close of the day  
 25 when the wagers were made and shall be distributed as  
 26 follows:".

By HANSEN of Woodbury

H-5391 FILED MARCH 15, 1994

*adopted by motion to R/ prevailed - H5391 - LOST (P727)*  
*3-17-94 3-17-94*

HOUSE FILE 2179

H-5408

1 Amend the amendment, H-5333, to House File 2179 as  
 2 follows:  
 3 1. Page 3, by inserting after line 21 the  
 4 following:  
 5 " \_\_\_\_ . The commission shall approve not more than  
 6 ten gambling game machines for each day of live racing  
 7 scheduled during the racing season at a pari-mutuel  
 8 racetrack enclosure."

By HANSEN of Woodbury

H-5408 FILED MARCH 15, 1994

*3-17-94*  
*(P.723)*

WITHDRAWN

## HOUSE FILE 2179

H-5435

- 1 Amend House File 2179 as follows:  
2 1. Page 1, by striking lines 32 and 33 and  
3 inserting the following:  
4 "Sec. \_\_\_\_ . NEW SECTION. 99G.1 DEFINITIONS.  
5 As used in this chapter unless the context  
6 otherwise requires:  
7 1. "Administrator" means the administrator  
8 appointed by the state racing and gaming commission.  
9 2. "Associated equipment" means a proprietary  
10 device, machine or part used in the manufacture or  
11 maintenance of a video lottery machine, including but  
12 not limited to, integrated circuit chips, printed  
13 wired assembly, printed wired boards, printing  
14 mechanisms, video display monitors, and metering  
15 devices.  
16 3. "Commission" means the state racing and gaming  
17 commission.  
18 4. "Credit" means twenty-five cents.  
19 5. "Division" means the racing and gaming division  
20 of the department of inspections and appeals.  
21 6. "Licensed premises" means licensed premises as  
22 defined in section 123.3, where alcoholic beverages  
23 are sold for consumption on the premises.  
24 7. "Major procurement" means a contract with a  
25 vendor directly involved in providing facilities,  
26 equipment, vouchers, and services unique to the video  
27 lottery, but not including materials, supplies,  
28 equipment, and services common to the ordinary  
29 operations of state agencies.  
30 8. "Net machine income" means money put into a  
31 video lottery machine minus money paid out in cash.  
32 9. "Video lottery" or "state video lottery" means  
33 a lottery operated pursuant to this chapter.  
34 10. "Video lottery machine" or "machine" means an  
35 electronic video game machine that, upon insertion of  
36 cash, is available to play or simulate the play of a  
37 video game, including but not limited to video poker,  
38 keno, and blackjack, authorized by the commission, and  
39 utilizes a video display and microprocessors in which  
40 the player may receive free games, credits, or tickets  
41 that can be redeemed for cash. The term does not  
42 include a machine that directly dispenses coins, cash,  
43 or tokens.  
44 11. "Video lottery machine distributor" or  
45 "distributor" means a person that distributes or sells  
46 video lottery machines or associated equipment in this  
47 state.  
48 12. "Video lottery machine establishment" or  
49 "establishment" means any establishment owned or  
50 managed by an individual, partnership, or corporation

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1 licensed to sell alcoholic beverages for consumption  
2 upon the premises as defined in section 123.3.

3 13. "Video lottery machine manufacturer" or  
4 "manufacturer" means a person that assembles or  
5 produces video lottery machines or associated  
6 equipment for sale or use in this state.

7 14. "Video lottery machine operator" or "operator"  
8 means a person that places video lottery machines or  
9 associated equipment for public use in this state.

10 15. "Service employee" means an employee of a  
11 video lottery machine operator certified by the  
12 division to perform service, maintenance, and repair  
13 on video lottery machines.

14 16. "Ticket" means any tangible evidence issued by  
15 the commission to prove participation in a video  
16 lottery game.

17 Sec. \_\_\_\_ . NEW SECTION. 99G.2 SCOPE OF  
18 PROVISIONS.

19 This chapter does not apply to bingo or games of  
20 skill or chance authorized under chapter 99B, to the  
21 pari-mutuel system of wagering used or intended to be  
22 used in connection with the racing of dogs or horses  
23 as authorized under chapter 99D, or to gambling games  
24 authorized for excursion gambling boats under chapter  
25 99F.

26 Sec. \_\_\_\_ . NEW SECTION. 99G.3 VIDEO LOTTERY  
27 AUTHORIZED.

28 The system of wagering through video lottery  
29 machines as provided in this chapter is legal when the  
30 wagering is conducted at authorized locations by a  
31 licensee as provided in this chapter.

32 Sec. \_\_\_\_ . NEW SECTION. 99G.4 POWERS AND DUTIES  
33 OF THE ADMINISTRATOR.

34 Subject to policies established and rules adopted  
35 by the commission, the administrator shall:

36 1. Supervise and administer the operation of the  
37 video lottery in accordance with this chapter.

38 2. Employ all other employees of the video  
39 lottery, subject to chapter 19A.

40 3. Enter into contracts for promotional services,  
41 data processing, and other technical products,  
42 equipment, and services, and facilities as needed to  
43 operate the video lottery including, but not limited  
44 to, tickets and other services involved in major  
45 procurements.

46 4. Contract with and license persons for the  
47 offering of video lottery games to the public.

48 5. Make demographic studies of video lottery  
49 players and studies of reactions of citizens to  
50 existing and potential features of the video lottery.

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- 1 6. Require video lottery operators and persons  
2 licensed pursuant to this chapter to furnish proof of  
3 financial stability or furnish surety in an amount  
4 based upon the expected volume of net machine income.
- 5 7. Provide for separate, distinct, and secure data  
6 processing facilities to be used for the reliable  
7 operation of the video lottery.
- 8 8. Examine, or cause to be examined by any agent  
9 or representative designated by the administrator, any  
10 books, papers, records, or memoranda of a video  
11 lottery operator or person licensed pursuant to this  
12 chapter for the purpose of ascertaining compliance  
13 with this chapter or any rule adopted pursuant to this  
14 chapter.
- 15 9. Issue subpoenas for the attendance of witnesses  
16 and subpoenas duces tecum to compel access to or for  
17 the production of books, papers, records, or memoranda  
18 in accordance with chapter 17A, or to compel the  
19 appearance of any of the licensee's employees, for the  
20 purpose of ascertaining compliance with this chapter  
21 or any rule adopted pursuant to this chapter.
- 22 10. Administer oaths and take depositions to the  
23 same extent and subject to the same limitations as  
24 would apply if the deposition was in aid of a civil  
25 action in the district court.
- 26 11. Impose civil penalties not to exceed ten  
27 thousand dollars for a first violation and fifteen  
28 thousand dollars for a second or subsequent violation  
29 of this chapter or any rule adopted pursuant to this  
30 chapter. The civil penalties shall be credited to the  
31 general fund of the state.
- 32 12. Make and keep books and records which  
33 accurately and fairly reflect each day's transactions,  
34 including but not limited to, the distribution and  
35 sale of tickets, receipts and expenses, and other  
36 financial transactions of the video lottery necessary  
37 to ensure accountability.
- 38 13. Make quarterly financial reports to the  
39 commission. The reports shall be based upon generally  
40 accepted accounting principles and include a full and  
41 complete statement of the video lottery's financial  
42 position and operations.
- 43 14. Make available for inspection by the  
44 commission, upon request, all books, records, files,  
45 and other information and documents of the video  
46 lottery.
- 47 15. Have an annual audit conducted of all accounts  
48 and transactions of the video lottery pursuant to  
49 chapter 11.
- 50 16. Prepare and submit budgets and proposals for

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1 the operation of the video lottery.

2 17. Operate the video lottery so that after the  
3 initial funding, it is self-sustaining and self-  
4 funded.

5 18. Include in printed promotional materials and  
6 information published the payback value of each credit  
7 for each video lottery game.

8 19. Make provision for the timely and efficient  
9 transfer of funds due from video lottery machine  
10 operators and persons licensed pursuant to this  
11 chapter to the general fund of the state.

12 20. If reasonably practical when the commission  
13 awards a contract or license pursuant to this chapter,  
14 the commission shall give preference to a responsible  
15 vendor, manufacturer, or distributor in this state if  
16 the costs and benefits to the commission are equal to  
17 those available from competing vendors manufacturers  
18 or distributors.

19 Sec. \_\_\_\_\_. NEW SECTION. 99G.5 COMPETITIVE BIDDING  
20 PROCEDURES.

21 When entering into a contract pursuant to this  
22 chapter, the administrator shall use an open and  
23 competitive bid process which reflects the best  
24 interests of the state. The administrator shall  
25 consider all relevant factors including security,  
26 competence, experience, timely performance, and  
27 maximization of net revenues to the state. Contracts  
28 entered into pursuant to this chapter for major  
29 procurements are subject to the approval of the  
30 commission.

31 Sec. \_\_\_\_\_. NEW SECTION. 99G.6 INVESTIGATION OF  
32 VIDEO LOTTERY VENDOR.

33 Subject to the approval of the commission, the  
34 administrator may enter into contracts for the  
35 operation and marketing of the video lottery, except  
36 that the commission may, by rule, designate classes of  
37 contracts other than major procurements which do not  
38 require prior approval by the commission. A major  
39 procurement shall be the result of competitive bidding  
40 with the contract being awarded to the responsible  
41 video lottery vendor submitting the lowest and best  
42 proposal. However, before a contract for a major  
43 procurement is awarded, the division of criminal  
44 investigation and bureau of identification of the  
45 department of public safety shall conduct a thorough  
46 background investigation of the video lottery vendor,  
47 any parent or subsidiary corporation of the video  
48 lottery vendor, all shareholders holding a five  
49 percent or greater interest in the video lottery  
50 vendor or in a parent or subsidiary corporation of the

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1 video lottery vendor, and all officers and directors  
2 of the video lottery vendor or a parent or subsidiary  
3 corporation of the video lottery vendor to whom the  
4 contract is to be awarded. The video lottery vendor  
5 shall submit to the division of criminal investigation  
6 and bureau of identification appropriate investigation  
7 authorizations to facilitate this investigation. A  
8 contract for a major procurement awarded or entered  
9 into by the administrator with an individual or  
10 business organization shall require the individual or  
11 business organization to establish a permanent office  
12 in this state.

13 Sec.     . NEW SECTION. 99G.7 LICENSE  
14 INVESTIGATION.

15 1. An applicant shall not be issued a license  
16 under section 99G.18 as a video lottery establishment,  
17 machine operator, distributor, or manufacturer, unless  
18 the person has completed and signed an application on  
19 the form prescribed and published by the commission.  
20 The application shall include the full name,  
21 residence, date of birth, and other personal  
22 identifying information of the applicant that the  
23 commission deems necessary. The application shall  
24 also indicate if the applicant has any of the  
25 following:

- 26 a. A record of conviction of a felony.
- 27 b. An addiction to alcohol or a controlled  
28 substance.
- 29 c. A history of mental illness.
- 30 d. A conviction of an offense involving gaming.

31 2. An applicant shall submit pictures,  
32 fingerprints, and descriptions of physical  
33 characteristics to the commission in the manner  
34 prescribed on the application form.

35 3. The commission shall charge the applicant a fee  
36 set by the department of public safety, division of  
37 criminal investigation and bureau of identification,  
38 to defray the costs associated with the search and  
39 classification of fingerprints required in subsection  
40 2 and background investigations conducted by agents of  
41 the division of criminal investigation and bureau of  
42 identification. This fee is in addition to any other  
43 license fee charged by the commission.

44 4. Before a license is granted, the division of  
45 criminal investigation and bureau of identification of  
46 the department of public safety shall conduct a  
47 thorough background investigation of an applicant for  
48 a license as a video lottery establishment, machine  
49 manufacturer, distributor, or operator. The applicant  
50 shall provide information on a form as required by the

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1 division of criminal investigation and bureau of  
2 identification.

3 5. An applicant who knowingly makes a false  
4 statement on the application is guilty of an  
5 aggravated misdemeanor.

6 6. For the purposes of this section, "applicant"  
7 includes each member of a partnership and the board of  
8 directors of a corporation.

9 7. a. A licensee shall consent to the search,  
10 without a warrant, by agents of the division of  
11 criminal investigation and bureau of identification of  
12 the department of public safety or commission  
13 employees designated by the commission, of the  
14 licensee's or holder's person, personal property and  
15 effects, and premises which are located in a licensed  
16 establishment or principal place of business or  
17 adjacent facilities under control of the licensee, in  
18 order to inspect or investigate for violations of this  
19 chapter or rules adopted by the commission pursuant to  
20 this chapter. The department or commission may also  
21 obtain administrative search warrants under section  
22 808.14.

23 b. However, this subsection does not permit a  
24 warrantless inspection of living quarters or sleeping  
25 rooms if all of the following are true:

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

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

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

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

40 Sec. \_\_\_\_ . NEW SECTION. 99G.8 VIDEO LOTTERY  
41 ESTABLISHMENTS -- CONTRACT FEE -- QUALIFICATIONS --  
42 INELIGIBILITY.

43 1. The administrator shall select as video lottery  
44 establishments persons who are licensed pursuant to  
45 section 123.3. A person lawfully engaged in  
46 nongovernmental business on state property may be  
47 selected as a video lottery establishment.

48 2. The administrator shall charge an application  
49 fee of twenty-five dollars to a person applying to  
50 become a video lottery establishment. All video

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1 lottery establishment contracts awarded under this  
2 chapter are renewable annually after issuance unless  
3 sooner canceled or terminated. A video lottery  
4 establishment contract awarded under this chapter is  
5 not transferable or assignable.

6 3. Each video lottery establishment shall be  
7 issued a video lottery establishment certificate which  
8 shall be conspicuously displayed at the place where  
9 the lottery establishment is authorized to conduct a  
10 video lottery. Video lottery machines may only be  
11 operated at the location stated on the video lottery  
12 establishment certificate.

13 4. To be selected as a video lottery  
14 establishment, or a video lottery machine distributor,  
15 manufacturer, or operator, a person acting as a sole  
16 proprietor shall meet all of the following  
17 qualifications:

18 a. Be at least twenty-one years of age.

19 b. Be of good character and reputation in the  
20 community.

21 c. Have sufficient financial resources to support  
22 the activities required to dispense or place and  
23 service video lottery machines.

24 d. Be current in payment of all taxes, interest,  
25 and penalties owed to the state of Iowa, excluding  
26 items under formal dispute or appeal pursuant to  
27 applicable statutes.

28 5. A person shall not be selected as a video  
29 lottery establishment, or machine distributor,  
30 manufacturer, or operator, if any of the following  
31 apply:

32 a. The person has been convicted of a felony in  
33 this or any other jurisdiction, unless at least ten  
34 years have passed since satisfactory completion of the  
35 sentence or probation imposed by the court for each  
36 felony.

37 b. The person has been found to have violated this  
38 chapter or a rule adopted pursuant to this chapter.

39 c. The person is a member of the immediate family  
40 of and resides with an employee of the commission or  
41 of a member of the commission.

42 d. The person has knowingly made a false statement  
43 of material fact to the commission.

44 6. For a partnership to be selected as a video  
45 lottery establishment or a video lottery machine  
46 distributor, manufacturer, or operator, the  
47 partnership must meet the requirements of subsections  
48 4 and 5.

49 7. For a corporation to be selected as a video  
50 lottery establishment or a video lottery machine

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1 distributor, manufacturer, or operator, the  
2 corporation must meet the requirements of subsection  
3 4, and each officer and director and each stockholder  
4 who owns ten percent or more of the stock of the  
5 corporation must meet the requirements of subsections  
6 4 and 5.

7 Sec. \_\_\_\_ . NEW SECTION. 99G.9 STATE VIDEO LOTTERY  
8 POLICY AND OPERATIONAL RULES.

9 1. The commission shall establish policies for the  
10 operation of the state video lottery and shall consult  
11 with and direct the administrator relating to the  
12 operation of the state video lottery. Major  
13 procurements recommended by the administrator are  
14 subject to the approval of the commission.

15 2. The commission shall adopt rules pursuant to  
16 chapter 17A governing the establishment and operation  
17 of a state video lottery as necessary to carry out the  
18 purposes of this chapter. The commission shall adopt  
19 rules concerning, but not limited to the following:

20 a. The types of video lottery games to be  
21 conducted as authorized pursuant to this chapter.

22 b. The manner of payment of prizes to the holders  
23 of winning tickets.

24 c. Additional qualifications for the selection of  
25 video lottery establishments, and video lottery  
26 machine distributors, manufacturers, or operators and  
27 the amount of application fees to be paid by each.

28 d. Deadlines for claims for winning tickets by  
29 winners of each video lottery game. However, a  
30 deadline shall not be for more than one year.

31 e. The mechanical and electronic specifications  
32 for each video lottery machine. At a minimum, each  
33 video lottery machine shall meet the requirements of  
34 section 99G.16.

35 f. Machine security testing and inspection  
36 procedures.

37 g. Liability for machine malfunction.

38 h. Machine maintenance and repair.

39 i. Financial responsibility required of persons  
40 licensed under this chapter.

41 j. Accounting procedures for net machine income.

42 k. Licensing procedures under this chapter.

43 l. Determination of the state's percentage of net  
44 machine income based on varying revenue schedules.

45 m. Other matters necessary or desirable for the  
46 efficient or economical operation of the video lottery  
47 or for the convenience of the public.

48 3. The commission shall maximize revenues to the  
49 state from net machine income. The commission shall  
50 establish the state's percentage of net machine income

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1 at twenty percent. The state's percentage of net  
2 machine income shall be directly deposited in the  
3 general fund of the state.

4 Sec. \_\_\_\_ . NEW SECTION. 99G.10 OPERATING AND  
5 PRIZE FUND.

6 A state video lottery operating fund is created  
7 within the state treasury, into which shall be  
8 deposited the state's share of proceeds from the  
9 operation of the video lottery, the initial start-up  
10 funding authorized by this chapter, interest received  
11 on moneys in the video lottery operating fund, and all  
12 other fees and moneys collected under this chapter.  
13 For the purposes of this section, "net proceeds" are  
14 the state's share from operation of video lottery  
15 machines. All moneys in the fund created by this  
16 section are appropriated for the purposes specified in  
17 this section. All funds received by the state video  
18 lottery shall be set forth in an informational budget  
19 and be annually reviewed by the general assembly. Any  
20 disbursement from the video lottery operating fund  
21 shall be by authorization of the administrator for any  
22 of the following purposes:

23 1. Expenses of the video lottery, which shall  
24 include the following: all costs incurred in the  
25 operation and administration of the state video  
26 lottery; all costs resulting from contracts entered  
27 into for the purchase or lease of goods and services  
28 needed for operation of the video lottery, including  
29 but not limited to, supplies, materials, vouchers,  
30 independent studies and surveys, data transmission,  
31 advertising, printing, promotion, incentives, public  
32 relations, communications, and reimbursement of costs  
33 of facilities and services provided by other state  
34 agencies.

35 2. Repayment of funds and interest advanced for  
36 the start-up of the video lottery.

37 3. Transfers of net revenues to the general fund  
38 of the state.

39 Sec. \_\_\_\_ . NEW SECTION. 99G.11 NET PROCEEDS TO  
40 STATE GENERAL FUND.

41 Net proceeds shall be transferred to the general  
42 fund of the state on an annual basis. The commission  
43 shall maximize the net proceeds to the state from the  
44 video lottery, which shall be transferred to the  
45 general fund of the state each fiscal year commencing  
46 July 1, 1994. Video lottery expenses incurred in a  
47 fiscal year for the video lottery shall not exceed the  
48 amount of net proceeds transferred to the general fund  
49 of the state. For purposes of this section, "net  
50 proceeds" are funds in the state video lottery

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1 operating fund which are not needed for the payment of  
2 video lottery expenses.

3 Sec. \_\_\_\_ . NEW SECTION. 99G.12 CONFLICTS OF  
4 INTEREST.

5 1. A member of the commission, employee of the  
6 state video lottery, or a person residing in the same  
7 household of a member or employee shall not do any of  
8 the following:

9 a. Directly or indirectly, individually, as a  
10 member of a partnership or other association, or as a  
11 stockholder, director, or officer of a corporation,  
12 have an interest in a business which contracts for the  
13 operation or promotion of the state video lottery.

14 b. Accept or agree to accept an economic  
15 opportunity, gift, loan, gratuity, special discount,  
16 favor, hospitality, or service having an aggregate  
17 value of one hundred dollars or more in a year from a  
18 person or business contracting or seeking to contract  
19 with the state to supply materials, tickets, or  
20 consulting services for use in the video lottery or  
21 from a video lottery establishment, person licensed,  
22 or an applicant for a contract or license under this  
23 chapter.

24 2. A person contracting or seeking to contract  
25 with the state to supply materials, tickets, or  
26 consulting services for use in the state video lottery  
27 or from a video lottery establishment, person  
28 licensed, or an applicant for a contract or license  
29 under this chapter shall not offer, pay, give, or make  
30 an economic opportunity, gift, loan, gratuity, special  
31 discount, favor, hospitality, or service having an  
32 aggregate value of one hundred dollars or more in a  
33 year to a member of the commission or employee of the  
34 state video lottery, or to a person residing in the  
35 household of a member or employee.

36 Sec. \_\_\_\_ . NEW SECTION. 99G.13 PROHIBITED ACTS  
37 AND DEVICES.

38 1. A person convicted of violating this section is  
39 guilty of a serious misdemeanor on the first offense  
40 and a class "D" felony on the second or a subsequent  
41 offense.

42 2. A video lottery operator, employee of a video  
43 lottery operator, or any other person who knowingly  
44 permits or offers to permit a person who is under the  
45 age of twenty-one to play a video lottery machine is  
46 guilty of a serious misdemeanor on the first offense  
47 and a class "D" felony on the second or a subsequent  
48 offense. A ticket which is won by playing a video  
49 lottery machine may be given as a gift to a person  
50 under the age of twenty-one. A prize won by a person

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1 under the age of twenty-one from a ticket given as a  
2 gift shall be paid to the person's parent or legal  
3 guardian.

4 3. This section does not prohibit a video lottery  
5 operator or an employee of a video lottery  
6 establishment from purchasing tickets or from being  
7 paid a prize of a winning ticket.

8 4. A person shall not have in the person's  
9 possession, custody, or control, or permit to be kept  
10 in a place under the person's possession or control, a  
11 device that manipulates credits and contains a  
12 circuit, meter, or switch capable of removing and  
13 recording the removal of credits. A violation of this  
14 subsection is a class "D" felony. All devices  
15 described in this subsection are declared to be public  
16 nuisances. This section does not apply to devices or  
17 electronic video game machines licensed pursuant to  
18 this chapter.

19 5. A person who, with intent to defraud, falsely  
20 makes, alters, forges, passes, or counterfeits a  
21 ticket issued by the state video lottery under this  
22 chapter is guilty of a class "D" felony.

23 6. A person who tampers with a video lottery  
24 machine with intent to interfere with the proper  
25 operation of the machine is guilty of a serious  
26 misdemeanor.

27 7. A person who with intent to manipulate the  
28 outcome, payoff, or operation of a video lottery  
29 machine, manipulates the outcome, payoff, or operation  
30 of a video lottery machine by physical tampering or  
31 any other means is guilty of a class "D" felony.

32 8. A person under the age of twenty-one years  
33 shall not play a video lottery machine licensed  
34 pursuant to this chapter. A video lottery machine  
35 licensed pursuant to this chapter shall not be played  
36 except during the legal hours of operation allowed for  
37 the on-sale consumption of alcoholic beverages. A  
38 violation of this section is a serious misdemeanor.

39 Sec. \_\_\_\_ . NEW SECTION. 99G.14 VIDEO LOTTERY  
40 MACHINES.

41 Each video lottery machine licensed under this  
42 chapter shall:

43 1. Offer only games licensed and authorized by the  
44 commission.

45 2. Not have any means of manipulation that affect  
46 the random probabilities of winning a video lottery  
47 game.

48 3. Have one or more mechanisms that accept coins  
49 or cash in the form of bills. The mechanisms shall be  
50 designed to prevent obtaining credits without paying

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1 by stringing, slamming, drilling, or other means. If  
2 attempts involve physical tampering, the machine shall  
3 suspend itself from operation until reset.

4 4. Have nonresettable meters housed in any readily  
5 accessible locked machine area that keep a permanent  
6 record of all cash inserted into the machine, all cash  
7 awards made by the machine's printer, credits played  
8 for video lottery games, and credits won by video  
9 lottery players.

10 5. Be capable of dispensing a ticket stating the  
11 value of the prize for the player at the completion of  
12 each video lottery game, the time of day in a twenty-  
13 four hour format showing hours and minutes, the date,  
14 the machine serial number, the sequential number of  
15 the tickets, and an encrypted validation number from  
16 which the validity of the prize may be determined.

17 6. Have accounting software that keeps an  
18 electronic record which includes, but is not limited  
19 to, total cash inserted into the machine, the value of  
20 cash tickets claimed by players, the total video  
21 lottery credits played and the total video lottery  
22 credits awarded by a video lottery game, and the  
23 payback percentage of credits played and credits won  
24 from each video lottery game.

25 7. Be linked under a central communications system  
26 to provide auditing program information as approved by  
27 the commission. The communications system shall be  
28 installed and operational before any video lottery  
29 machine is allowed to operate. The commission shall  
30 provide licensed manufacturers applying for licensure  
31 of video lottery machines the protocol documentation  
32 necessary to enable their machines to communicate with  
33 the commission's central computer in providing the  
34 auditing program information and controls approved by  
35 the commission. The communications system approved by  
36 the commission shall not limit participation to only  
37 one manufacturer of video lottery machines by either  
38 the cost in implementing the necessary program  
39 modifications to communicate or the inability to  
40 communicate with the central communications system.  
41 However, before any bidding process is initiated, the  
42 commission shall have approved at least two bidders  
43 for any procurement to be awarded. This section does  
44 not require a machine which only offers video lottery  
45 games to be on-line or in constant communication with  
46 a central computer. The video lottery machines shall  
47 be capable of reporting the functions and results of  
48 their operations as required by rule of the  
49 commission. Reports shall include, but are not  
50 limited to, the following data:

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- 1 a. Total coins and bills accepted.
- 2 b. Total credits won.
- 3 c. Total credits played.
- 4 d. Total credits redeemed for cash.
- 5 e. Total credits canceled.
- 6 f. Payback percentage.
- 7 g. Machine number.
- 8 h. Establishment number.
- 9 i. Operator number.
- 10 j. Poll date.
- 11 k. State percentage.
- 12 l. Number of times logic cage accessed.
- 13 m. Number of times cash door accessed.
- 14 8. Keep logic boards and software Eproms in
- 15 separate, locked areas within the machine.
- 16 9. Install a surge protector on the line that
- 17 feeds power to the machine.
- 18 10. Have a battery backup or the equivalent for
- 19 electronic meters that is capable of maintaining
- 20 accuracy of all information required for one hundred
- 21 eighty days after power is discontinued from the
- 22 machine.

23 Sec. \_\_\_\_ . NEW SECTION. 99G.15 LIMIT ON WAGER AND  
24 AWARD --VIDEO LOTTERY MACHINES.

25 A licensed video lottery machine shall not allow  
26 more than two dollars to be played on a game or award  
27 free games or credits in excess of the value of one  
28 hundred twenty-five dollars per credit value of  
29 twenty-five cents played. The payback value of one  
30 credit shall be at least eighty percent and not more  
31 than ninety-five percent of the value of the credit.

32 Sec. \_\_\_\_ . NEW SECTION. 99G.16 VIDEO LOTTERY  
33 MACHINE LICENSE -- PENALTY.

34 Each video lottery machine shall be licensed by the  
35 administrator before placement or operation on the  
36 premises of a licensed establishment. Each machine  
37 shall have the license prominently displayed on it.  
38 Any machine which does not display the license  
39 required by this section is contraband and a public  
40 nuisance subject to confiscation by a law enforcement  
41 officer. A violation of this section is a class "D"  
42 felony.

43 Sec. \_\_\_\_ . NEW SECTION. 99G.17 VIDEO LOTTERY  
44 MACHINE EXAMINATION.

45 The administrator shall examine prototypes of video  
46 lottery machines and associated equipment of  
47 manufacturers seeking a license as required in this  
48 chapter. The administrator shall require the  
49 manufacturer seeking the examination and approval of a  
50 video lottery machine or associated equipment to pay

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1 the anticipated actual costs of the examination in  
2 advance and, after the completion of the examination,  
3 shall refund overpayments or charge and collect  
4 amounts sufficient to reimburse the state video  
5 lottery for underpayments of actual costs. The  
6 administrator may contract for the examination of  
7 video lottery machines and associated equipment as  
8 required by this section.

9 Sec. \_\_\_\_ . NEW SECTION. 99G.18 VIDEO LOTTERY  
10 MACHINE MANUFACTURER, DISTRIBUTOR, OPERATOR, AND  
11 ESTABLISHMENT LICENSE.

12 1. Each video lottery machine manufacturer,  
13 distributor, operator, and establishment shall be  
14 licensed by the administrator before a video lottery  
15 machine or associated equipment is manufactured,  
16 distributed, sold, or placed for public use in this  
17 state. The commission shall adopt, by rule, pursuant  
18 to chapter 17A, an annual fee for each license not to  
19 exceed the following:

20 a. Video lottery machine manufacturer -- five  
21 thousand dollars.

22 b. Video lottery machine distributor -- five  
23 thousand dollars.

24 c. Video lottery machine operator -- the greater  
25 of one thousand five hundred dollars or one hundred  
26 dollars per machine licensed.

27 d. Video lottery establishment -- one hundred  
28 dollars.

29 2. In addition to the annual license fees, the  
30 administrator may charge a one-time license  
31 application fee not to exceed fifty dollars. All fees  
32 collected pursuant to this section shall be deposited  
33 directly to the general fund of the state. All  
34 licenses issued by the administrator under this  
35 section are renewable annually unless sooner canceled  
36 or terminated. A license issued under this section is  
37 not transferable or assignable.

38 3. If the administrator is satisfied that this  
39 chapter and the rules adopted under this chapter  
40 applicable to licensees have been or will be complied  
41 with, the administrator shall issue a license for a  
42 period of not more than three years to an applicant.

43 Sec. \_\_\_\_ . NEW SECTION. 99G.19 MULTIPLE TYPES OF  
44 LICENSES PROHIBITED.

45 1. A video lottery machine manufacturer shall not  
46 be licensed as a video lottery machine distributor or  
47 operator, or own, manage, or control a licensed  
48 establishment.

49 2. A video lottery machine distributor shall not  
50 be licensed as a video lottery machine manufacturer or

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1 operator, or own, manage, or control a licensed  
2 establishment.

3 3. A video lottery machine operator shall not be  
4 licensed as a video lottery machine manufacturer or  
5 distributor, or own, manage, or control a licensed  
6 establishment.

7 4. An owner or manager of a licensed establishment  
8 shall not be licensed as a video lottery machine  
9 manufacturer, distributor, or operator.

10 Sec. \_\_\_\_ . NEW SECTION. 99G.20 SERVICE EMPLOYEE  
11 AND REQUIREMENTS.

12 Video lottery machines shall not be placed in  
13 operation in the state until training in the service  
14 and repair of those machines has been provided as  
15 follows:

16 1. A manufacturer or distributor shall provide  
17 training in the service and repair of its machine  
18 model approved by the administrator.

19 2. The manufacturer or distributor shall provide  
20 the training to the operator and its service employees  
21 and shall certify to the administrator that the  
22 required training has been completed.

23 3. Manufacturers or distributors must provide  
24 subsequent training programs to inform operators of  
25 new developments in the service and repair of their  
26 machines.

27 4. The manufacturer or distributor shall inform  
28 the administrator of the names of operators and  
29 service employees who attend and successfully complete  
30 each training program. The administrator shall issue  
31 a certificate to each person successfully completing  
32 the training program signifying that the person is  
33 certified to service and repair video lottery machines  
34 of the particular manufacturer and model.

35 5. The administrator shall provide, and the  
36 service employee shall personally possess while  
37 servicing or repairing video lottery machines,  
38 evidence of certification, and shall present the  
39 evidence to law enforcement officials at their  
40 request.

41 Sec. \_\_\_\_ . NEW SECTION. 99G.21 BACKGROUND  
42 INVESTIGATIONS OF VIDEO LOTTERY LICENSEES --  
43 ELIGIBILITY REQUIREMENTS.

44 Any person licensed as a video lottery machine  
45 manufacturer, distributor, operator, or establishment  
46 shall submit to a background investigation as provided  
47 in section 99G.7. This includes each partner of a  
48 partnership and each director and officer and all  
49 stockholders of ten percent or more in a parent or  
50 subsidiary corporation of a video lottery machine

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1 manufacturer, distributor, operator, or establishment.  
2 A video lottery machine manufacturer or distributor  
3 must meet the same requirements of section 99G.8,  
4 subsections 4 and 5. A video lottery machine operator  
5 must meet the same requirements of section 99G.8,  
6 subsections 4 and 5, in addition to being a resident  
7 of this state and, if a partnership or corporation,  
8 the majority of ownership interest must be held by  
9 residents of the state. A video lottery establishment  
10 must meet the same requirements of section 99G.8,  
11 subsections 4 and 5. The commission may adopt rules  
12 pursuant to chapter 17A to establish additional  
13 requirements to preserve the integrity and security of  
14 the video lottery.

15 Sec. \_\_\_\_ . NEW SECTION. 99G.22 PLACEMENT OF VIDEO  
16 LOTTERY MACHINES.

17 The placement of video lottery machines in licensed  
18 establishments is subject to the rules of the  
19 commission adopted pursuant to chapter 17A. Five  
20 video lottery machines is the maximum number which may  
21 be placed in one licensed establishment.

22 Sec. \_\_\_\_ . NEW SECTION. 99G.23 LOCATION PLACEMENT  
23 AGREEMENTS.

24 1. A licensed video lottery machine operator shall  
25 have a location placement agreement with the licensed  
26 establishment providing the following:

27 a. A designation of the location where the video  
28 lottery machine is to be placed for use by the public.

29 b. The share and revenue generated from net  
30 machine income to be apportioned to the operator and  
31 to the licensed establishment.

32 c. A requirement that the video lottery machine be  
33 located in the licensed establishment so that an  
34 employee of the establishment may observe the machine  
35 at all times the establishment is open to the public  
36 to assure that persons under twenty-one years of age  
37 do not play the machine.

38 2. A copy of the location agreement must be  
39 retained by the operator and the licensed  
40 establishment and be available for review and  
41 inspection by the administrator.

42 3. The location agreement may contain other terms  
43 and conditions to which the operator and licensed  
44 establishment lawfully agree.

45 Sec. \_\_\_\_ . NEW SECTION. 99G.24 VIDEO LOTTERY  
46 MACHINE INCOME -- PENALTY.

47 1. A licensed operator shall keep accurate records  
48 of the revenue generated from each video lottery  
49 machine. The director of revenue and finance shall  
50 prepare and mail to the licensed operator a statement

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1 reflecting the revenue due under section 99G.9 before  
2 the date payment is remitted through the electronic  
3 transfer of funds. A licensed operator shall report  
4 to the director of revenue and finance and the  
5 commission any discrepancies between the director's  
6 statement and each of its video lottery machines'  
7 mechanical and electronic meter readings. The  
8 director of revenue and finance and the commission are  
9 not responsible for resolving discrepancies between  
10 actual moneys collected and the amount shown on the  
11 accounting meters or billing statement. If a  
12 discrepancy occurs, the licensed operator shall submit  
13 to the director of revenue and finance and the  
14 commission the information including, but not limited  
15 to, current mechanical meter readings and the audit  
16 ticket that contains electronic meter readings  
17 generated by the video lottery machines' software as  
18 necessary to resolve the discrepancy.

19 2. A licensed operator shall remit to the director  
20 of revenue and finance the revenue required to be paid  
21 from income derived from the video lottery machines  
22 under section 99G.9 within seven days after the  
23 fifteenth day of each month and within seven days  
24 after the end of each month. If the fifteenth or last  
25 day of the month falls on a Saturday, remittance is  
26 due the preceding Friday.

27 3. A licensed operator shall remit to the director  
28 of revenue and finance the revenue required to be paid  
29 under section 99G.9 through the electronic transfer of  
30 funds. A licensed operator shall furnish to the  
31 director of revenue and finance all information and  
32 bank authorizations required to facilitate the timely  
33 payment of moneys to the director. A licensed  
34 operator shall provide the director of revenue and  
35 finance thirty days' advance notice of any proposed  
36 account changes to ensure the uninterrupted electronic  
37 transfer of funds.

38 4. A licensed operator shall maintain a balance in  
39 its account in an amount sufficient to cover the  
40 state's share of the revenue required to be paid under  
41 section 99G.9. Failure to maintain a balance in the  
42 account as required by this subsection shall result in  
43 the assessment of an interest penalty of one and one-  
44 half percent per month on the unpaid balance. Failure  
45 to remit full payment, including interest penalties,  
46 prior to the next payment date, may result in device  
47 disablement and preventing further play, license  
48 suspension or revocation, or the imposition of civil  
49 fines, in addition to other penalties as provided by  
50 law for nonpayment of moneys owed to the state.

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1 5. A licensed operator shall mail and remit  
2 payment of the state's share of revenue required to be  
3 paid under section 99G.9 if one of the following  
4 events occur:

5 a. The electronic transfer of funds is not  
6 operational.

7 b. The video pull-tab machine is incapable of  
8 communicating with the central computer.

9 c. Program modifications to the accounting  
10 software are necessitated due to recurring accounting  
11 discrepancies in the office of the director of revenue  
12 and finance. The director of revenue and finance  
13 shall notify a licensed operator when remittance by  
14 the method specified in this subsection is required.

15 A licensed operator shall report the amount of the  
16 revenue per video machine and remit payment for the  
17 state's share of the revenue generated from the video  
18 lottery machine during the reporting period.

19 6. A video lottery machine operator who falsely  
20 reports or fails to report the amount due as required  
21 by this section is guilty of a class "D" felony.

22 Sec. \_\_\_\_\_. Section 22.7, Code Supplement 1993, is  
23 amended by adding the following new subsection:

24 NEW SUBSECTION. 31. Applications, credit and  
25 security checks of video lottery operators, licensees,  
26 and persons seeking or doing business with the state  
27 video lottery, and marketing, financial, or sales  
28 data, the disclosure of which may be harmful to the  
29 competitive position of the state video lottery, its  
30 operators, licensees, or persons seeking or doing  
31 business with the state video lottery.

32 Sec. \_\_\_\_\_. Section 99B.6, Code 1993, is amended by  
33 adding the following new subsection:

34 NEW SUBSECTION. 10. Video lottery vouchers may be  
35 sold and video lottery machines may be operated in an  
36 establishment that serves or sells alcoholic liquor,  
37 wine, or beer, for on-premises consumption as defined  
38 in section 123.3, if the vouchers or machines are sold  
39 or operated pursuant to chapter 99G and rules adopted  
40 under chapter 99G.

41 Sec. \_\_\_\_\_. Section 725.15, Code 1993, is amended to  
42 read as follows:

43 725.15 EXCEPTIONS FOR LEGAL GAMBLING.

44 Sections 725.5 to 725.10 and 725.12 do not apply to  
45 a game, activity, ticket, or device when lawfully  
46 possessed, used, conducted, or participated in  
47 pursuant to chapter 99B, 99E, or 99F, or 99G.

48 Sec. \_\_\_\_\_. EFFECTIVE DATE.

49 1. This Act shall not take effect unless the  
50 following proposition is approved by a majority of the

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1 voters of this state at the next general election.  
 2 The state commissioner of elections shall submit, not  
 3 less than sixty-nine days preceding the next general  
 4 election, a certified copy of the following public  
 5 measure to the county commissioners of elections to be  
 6 placed on the ballot and submitted to the voters of  
 7 the state:

8 "Shall additional gambling be allowed in  
 9 Iowa?" Yes \_\_\_\_\_ No \_\_\_\_\_

10 The public measure shall be submitted to the state  
 11 electorate as provided in chapter 49A. If a majority  
 12 of the voters of the state voting on the proposition  
 13 vote yes for additional gambling in Iowa, this Act  
 14 shall take effect January 1 following the general  
 15 election. If a majority of the voters vote no, this  
 16 Act is void.

17 2. If any provision of this Act is invalid, all  
 18 provisions of this Act are void."

19 2. Title page, by striking lines 1 and 2 and  
 20 inserting the following: "An Act relating to the  
 21 establishment and regulation of video lottery and  
 22 video lottery machines, the regulation of pari-mutuel  
 23 racetracks by the state racing and gaming commission,  
 24 providing penalties for violations, providing for  
 25 other properly related matters, and providing".  
 26 3. By renumbering as necessary.

By HALVORSON of Webster

H-5435 FILED MARCH 16, 1994

*Not Referred - 3-17-94*

## HOUSE FILE 2179

H-5442

1 Amend the amendment, H-5333, to House File 2179 as  
 2 follows:

3 1. Page 5, line 13, by inserting after the word  
 4 "racetrack." the following: "If the proposition to  
 5 operate gambling games on an excursion gambling boat  
 6 or at a racetrack enclosure is approved by a majority  
 7 of the county electorate voting on the proposition,  
 8 the board of supervisors shall submit the same  
 9 proposition to the county electorate at the general  
 10 election held in 2002 and, unless the operation of  
 11 gambling games is not terminated earlier as provided  
 12 in this chapter or chapter 99D, at the general  
 13 election held at each subsequent eight-year interval."

By CHURCHILL of Polk

H-5442 FILED MARCH 17, 1994

ADOPTED

HOUSE FILE 2179

H-5448

1 Amend House File 2179 as follows:

2 1. Page 1, by striking lines 32 and 33 and  
3 inserting the following:

4 "Sec. \_\_\_\_ . EFFECTIVE DATE.

5 1. This Act shall not take effect unless the  
6 following proposition is approved by a majority of the  
7 voters of this state at the next general election.  
8 The state commissioner of elections shall submit, not  
9 less than sixty-nine days preceding the next general  
10 election, a certified copy of the following public  
11 measure to the county commissioners of elections to be  
12 placed on the ballot and submitted to the voters of  
13 the state:

14 "Shall additional gambling be allowed in  
15 Iowa?"

Yes \_\_\_\_\_ No \_\_\_\_\_

16 The public measure shall be submitted to the state  
17 electorate as provided in chapter 49A. If a majority  
18 of the voters of the state voting on the proposition  
19 vote yes for additional gambling in Iowa, this Act  
20 shall take effect January 1 following the general  
21 election. If a majority of the voters vote no, this  
22 Act is void.

23 2. If any provision of this Act is invalid, all  
24 provisions of this Act are void."

By HALVORSON of Webster

H-5448 FILED MARCH 17, 1994

MOTION TO SUSPEND RULES TO CONSIDER - LOST

## HOUSE FILE 2179

H-5444

1 Amend the amendment, H-5333, to House File 2179 as  
2 follows:

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

5 "\_\_\_\_. Page 1, by inserting before line 1 the  
6 following:

7 "Section 1. Section 99B.6, subsection 1, paragraph  
8 k, Code 1993, is amended to read as follows:

9 k. ~~No~~ A person under the age of ~~eighteen~~ twenty-  
10 one years ~~may~~ shall not participate in the gambling  
11 except pursuant to sections 99B.3, 99B.4, 99B.5, and  
12 99B.7. Any licensee knowingly allowing a person under  
13 the age of ~~eighteen~~ twenty-one to participate in the  
14 gambling prohibited by this paragraph or any person  
15 knowingly participating in ~~such~~ gambling with a person  
16 under the age of ~~eighteen~~ twenty-one, ~~shall be~~ is  
17 guilty of a simple misdemeanor."

18 2. Page 1, by inserting after line 40 the  
19 following:

20 "\_\_\_\_. Page 1, by inserting after line 31 the  
21 following:

22 "Sec. \_\_\_\_\_. Section 99D.11, subsection 7, Code  
23 1993, is amended to read as follows:

24 7. A person under the age of ~~eighteen~~ twenty-one  
25 years shall not make a pari-mutuel wager.

26 Sec. \_\_\_\_\_. Section 99D.24, subsection 2, Code 1993,  
27 is amended to read as follows:

28 2. A person knowingly permitting a person under  
29 the age of ~~eighteen~~ twenty-one years to make a pari-  
30 mutuel wager is guilty of a simple misdemeanor.

31 Sec. \_\_\_\_\_. Section 99E.18, subsection 2, Code 1993,  
32 is amended to read as follows:

33 2. A ticket or share shall not be sold to a person  
34 who has not reached the age of ~~eighteen~~ twenty-one.  
35 This does not prohibit the lawful purchase of a ticket  
36 or share for the purpose of making a gift to a person  
37 who has not reached the age of ~~eighteen~~ twenty-one. A  
38 licensee or a licensee's employee who knowingly sells  
39 or offers to sell a lottery ticket or share to a  
40 person who has not reached the age of ~~eighteen~~ twenty-  
41 one is guilty of a simple misdemeanor. In addition  
42 the license of a licensee shall be suspended. A prize  
43 won by a person who has not reached the age of  
44 ~~eighteen~~ twenty-one but who purchases a winning ticket  
45 or share in violation of this subsection shall be  
46 forfeited."

47 3. Page 5, by inserting after line 32 the  
48 following:

49 "Sec. \_\_\_\_\_. Section 99F.9, subsection 6, Code 1993,  
50 is amended to read as follows:

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1 6. A person under the age of eighteen twenty-one  
2 years shall not make a wager on an excursion gambling  
3 boat and shall not be allowed in the area of the  
4 excursion boat where gambling is being conducted.  
5 However, a person eighteen years of age or older may  
6 be employed to work in a gambling area.  
7 Sec. \_\_\_\_ . Section 99F.15, subsection 2, Code 1993,  
8 is amended to read as follows:  
9 2. A person knowingly permitting a person under  
10 the age of eighteen twenty-one years to make a wager  
11 is guilty of a simple misdemeanor."

By RAFFERTY of Scott

H-5444 FILED MARCH 17, 1994  
ADOPTED

## HOUSE FILE 2179

H-5455

1 Amend the amendment, H-5333, to House File 2179 as  
2 follows:

3 1. Page 5, line 13, by inserting after the word  
4 "racetrack." the following: "For an election held  
5 pursuant to this section in a county having a  
6 population of three hundred thousand or more, the  
7 officers and employees of a pari-mutuel horse  
8 racetrack shall not campaign for or against a ballot  
9 proposition relating to gambling games during the  
10 normal working hours of the officer or employee."

By FALLON of Polk

H-5455 FILED MARCH 17, 1994

LOST

## HOUSE FILE 2179

H-5456

1 Amend the amendment, H-5333, to House File 2179 as  
2 follows:

3 1. Page 3, line 13, by inserting after the word  
4 "one" the following: "hundred".  
5 2. Page 3, line 14, by inserting after the word  
6 "dollars." the following: "The license fees shall be  
7 credited to the special account in the general fund of  
8 the state to provide adequate staff to regulate and  
9 supervise the operation of the gambling games at  
10 racetrack enclosures."

By FALLON of Polk

H-5456 FILED MARCH 17, 1994

LOST

## HOUSE FILE 2179

H-5453

1 Amend the amendment, H-5333, to House File 2179 as  
 2 follows:  
 3 1. Page 5, by inserting after line 32 the  
 4 following:  
 5 "Sec. \_\_\_\_ . Section 99F.11, subsection 3, Code  
 6 1993, is amended to read as follows:  
 7 3. ~~Three~~ Five percent of the adjusted gross  
 8 receipts shall be deposited in the gamblers assistance  
 9 fund specified in section 99E.10, subsection 1,  
 10 paragraph "a"."

By FALLON of Polk

H-5453 FILED MARCH 17, 1994  
 ADOPTED

## HOUSE FILE 2179

H-5454

1 Amend the amendment, H-5333, to House File 2179 as  
 2 follows:  
 3 1. Page 3, by inserting after line 21 the  
 4 following:  
 5 " \_\_\_\_ . Based on legislative findings that gambling  
 6 has a detrimental effect on the general health and  
 7 welfare of the public, that the gambling industry  
 8 provides few quality jobs for the Iowa labor force,  
 9 that gambling tax revenue does not match the actual  
 10 social costs, and the increasing public exposure to  
 11 expanded gambling facilities and activities will  
 12 disproportionately increase incidents of crime,  
 13 welfare costs, and other demands for public services,  
 14 a licensee shall not advertise or promote gambling  
 15 games or pari-mutuel wagering in the radio or  
 16 television media."  
 17 2. Page 5, by inserting after line 13 the  
 18 following:  
 19 "Sec. \_\_\_\_ . Section 99F.7, Code Supplement 1993, is  
 20 amended by adding the following new subsection:  
 21 NEW SUBSECTION. 16. Based on legislative findings  
 22 that gambling has a detrimental effect on the general  
 23 health and welfare of the public, that the gambling  
 24 industry provides few quality jobs for the Iowa force,  
 25 that gambling tax revenue does not match the actual  
 26 social costs, and that increasing public exposure to  
 27 expanded gambling facilities and activities will  
 28 disproportionately increase incidents of crime,  
 29 welfare costs, and other demands for public services,  
 30 a licensee shall not advertise or promote gambling  
 31 games in newspapers, brochures and leaflets, or  
 32 magazines, or on outdoor signs."

By FALLON of Polk

H-5454 FILED MARCH 17, 1994  
 DIV. A AND DIV B - LOST

## HOUSE FILE 2179

H-5457

1 Amend the amendment, H-5333, to House File 2179 as  
2 follows:

3 1. Page 1, by inserting after line 40 the  
4 following:

5 "\_\_\_\_\_. Page 1, by inserting after line 31 the  
6 following:

7 "Sec. \_\_\_\_\_. Section 99D.15, subsection 1,  
8 unnumbered paragraph 1, Code 1993, is amended to read  
9 as follows:

10 A tax of six percent is imposed on the gross sum  
11 wagered by the pari-mutuel method at each horse race  
12 meeting and each simultaneous telecast race. The tax  
13 imposed by this subsection shall be paid by the  
14 licensee to the commission within ten days after the  
15 close of each horse race meeting and shall be  
16 distributed as follows:

17 Sec. \_\_\_\_\_. Section 99D.15, subsections 2 and 4,  
18 Code 1993, are amended to read as follows:

19 2. A tax credit of up to five percent of the gross  
20 sum wagered per year shall be granted to licensees  
21 licensed for horse races and paid into a special fund  
22 to be used for debt retirement ~~or operating expenses~~.  
23 However, the tax credit is equal to six percent of the  
24 gross sum wagered in a year when the gross sum wagered  
25 is less than ninety million dollars. Any portion of  
26 the credit not used in a particular year shall be  
27 retained by the commission. A tax credit shall first  
28 be assessed against any share going to a city, then to  
29 the share going to a county, and then to the share  
30 going to the state.

31 4. A tax of two percent is imposed on the gross  
32 sum wagered by the pari-mutuel method on ~~horse races~~  
33 ~~and dog races~~ which are simultaneously telecast. The  
34 tax imposed by this subsection is in lieu of the taxes  
35 imposed pursuant to subsection ~~1 or 3~~, but the tax  
36 revenue ~~from simulcast horse races shall be~~  
37 ~~distributed as provided in subsection 1 and the tax~~  
38 revenue from simulcast dog races shall be distributed  
39 as provided in subsection 3."

By FALLON of Polk

H-5457 FILED MARCH 17, 1994

LOST

## HOUSE FILE 2179

H-5458

1 Amend the amendment, H-5333, to House File 2179 as  
2 follows:

3 1. Page 5, line 48, by striking the word "all"  
4 and inserting the following: "fifty percent of the".

By MILLAGE of Scott

H-5458 FILED MARCH 17, 1994

ADOPTED

## HOUSE FILE 2179

H-5459

1 Amend the amendment, H-5333, to House File 2179 as  
2 follows:

3 1. Page 1, line 50, by inserting after the word  
4 "chance" the following: "or video machines".

By RAFFERTY of Scott

H-5459 FILED MARCH 17, 1994

ADOPTED

## HOUSE FILE 2179

H-5462

1 Amend the amendment, H-5333, to House File 2179 as  
2 follows:

3 1. Page 6, line 1, by inserting after the figure  
4 "8.56." the following: "However, the portion of the  
5 additional tax revenue received for the gamblers  
6 assistance fund shall be used by the department of  
7 human services to fund a coordinator and additional  
8 staff as needed to develop educational prevention  
9 programs and treatment programs for addicted  
10 gamblers."

By RAFFERTY of Scott

H-5462 FILED MARCH 17, 1994

ADOPTED



## HOUSE FILE 2179

H-5461

1 Amend the amendment, H-5333, to House File 2179 as  
2 follows:  
3 1. Page 5, by inserting after line 13 the  
4 following:  
5 "Sec. \_\_\_\_ . Section 99F.7, subsection 10, Code  
6 Supplement 1993, is amended by adding the following  
7 new paragraph:  
8 NEW PARAGRAPH. d. For an election held pursuant  
9 to this section in a county with a population of more  
10 than three hundred thousand, the expenditure of funds  
11 for and against the ballot proposition is limited to  
12 one hundred dollars per person. Within ten days after  
13 the board of supervisors announces the date of a  
14 special election called pursuant to the section, all  
15 individuals or other persons who plan to spend moneys  
16 to support passage or rejection of the ballot  
17 proposition shall file a petition with the county  
18 commissioner of election indicating the amount of  
19 money not exceeding one thousand dollars the person  
20 plans to spend favoring or opposing the ballot  
21 proposition. Each petitioner shall file two reports  
22 of the expenditures made supporting or opposing the  
23 ballot proposition. The first report shall be filed  
24 not earlier than twenty days nor later than fifteen  
25 days before the election and shall include the amount  
26 of the expenditures made up to the filing date and the  
27 goods or services purchased for the election campaign.  
28 Within sixty days after the date of the election, each  
29 petitioner shall file a final report of campaign  
30 expenditures with the county commissioner of elections  
31 specifying the amount and the goods or services  
32 received from each campaign expenditure since the  
33 filing of the first report and a total of all  
34 expenditures and campaign goods and services purchased  
35 during the entire election campaign. A person who  
36 violates this paragraph by failing to file a campaign  
37 report as required, by knowingly filing a false or  
38 incomplete campaign report, or by spending more to  
39 campaign for or against a ballot proposition than is  
40 authorized pursuant to this paragraph is guilty of a  
41 serious misdemeanor."

By FALLON of Polk

H-5461 FILED MARCH 17, 1994  
WITHDRAWN

## HOUSE FILE 2179

H-5460

1 Amend the amendment, H-5333, to House File 2179 as  
2 follows:

-3 1. Page 5, by inserting after line 13 the  
4 following:

5 "Sec. \_\_\_\_ . Section 99F.7, subsection 10, Code  
6 Supplement 1993, is amended by adding the following  
7 new paragraph:

8 NEW PARAGRAPH. d. For an election held pursuant  
9 to this section in counties having a population of  
10 three hundred thousand or more, the expenditure of  
11 funds for and against the ballot proposition is  
12 limited to forty thousand dollars. Within ten days  
13 after the board of supervisors announces the date of a  
14 special election called pursuant to this subsection,  
15 all individuals or other persons who plan to spend  
16 moneys to support passage or rejection of the ballot  
17 proposition shall file a petition with the county  
18 commissioner of elections indicating the amount of  
19 money the person plans to spend favoring or opposing  
20 the ballot proposition. After the ten days have  
21 expired, the county commissioner of elections shall  
22 total the sums of money which the proponents and  
23 opponents have petitioned to spend. If the total  
24 planned expenditures for or against the ballot  
25 proposition exceeds twenty thousand dollars, the  
26 county commissioner of elections shall allocate the  
27 allowable campaign expenditures among the petitioners  
28 in proportion to the amount of expenditures requested  
29 by each petitioner. The commissioner of elections  
30 shall notify each petitioner of the petitioner's  
31 campaign expenditure limitation by certified mail.  
32 Within sixty days after the date of the election, each  
33 petitioner shall file a report of campaign  
34 expenditures with the county commissioner of elections  
35 specifying the amount and purpose of each campaign  
36 expenditure. A person who violates this paragraph by  
37 failing to file a campaign report as required, by  
38 knowingly filing a false or incomplete campaign  
39 report, or by spending more to campaign for or against  
40 a ballot proposition than is authorized by the  
41 commissioner of elections pursuant to this paragraph  
42 is guilty of a serious misdemeanor."

43 2. By renumbering as necessary.

By FALLON of Polk

H-5460 FILED MARCH 17, 1994

LOST

## HOUSE FILE 2179

H-5463

1 Amend the amendment, H-5333, to House File 2179 as  
2 follows:  
3 1. Page 5, by inserting after line 45 the  
4 following:  
5 "Sec. \_\_\_\_ . NEW SECTION. 146A.1 NOTIFICATION OF  
6 PARENT PRIOR TO PERFORMANCE OF ABORTION ON A MINOR --  
7 REQUIREMENTS -- EXCEPTIONS -- CRIMINAL PENALTY.  
8 1. A person shall not perform an abortion on a  
9 pregnant minor until at least forty-eight hours' prior  
10 notification is provided to a parent of the minor.  
11 2. The person who will perform the abortion shall  
12 provide notification in person or by mailing the  
13 notification by restricted certified mail to the  
14 parent of the minor at the usual place of abode of the  
15 parent. For the purposes of delivery by restricted  
16 certified mail, the time of delivery is deemed to  
17 occur at twelve o'clock noon on the next day on which  
18 regular mail delivery takes place, subsequent to the  
19 mailing.  
20 3. For the purposes of this section, unless the  
21 context otherwise requires:  
22 a. "Abortion" means an abortion as defined in  
23 chapter 146.  
24 b. "Court" means the juvenile court.  
25 c. "Medical emergency" means a condition that,  
26 based on a physician's clinical judgment, so  
27 complicates the medical condition of a pregnant minor  
28 as to necessitate the immediate abortion of the  
29 minor's pregnancy to avert the minor's death, or for  
30 which a delay will create risk of substantial and  
31 irreversible impairment of a major bodily function.  
32 d. "Minor" means minor as defined in chapter 599.  
33 e. "Parent" means one parent of the pregnant minor  
34 or the pregnant minor's guardian or custodian.  
35 4. Notification shall not be required under this  
36 section if any of the following conditions apply:  
37 a. The attending physician certifies that a  
38 medical emergency existed. The attending physician  
39 shall certify in writing the basis for the medical  
40 judgment that a medical emergency existed and shall  
41 make written certification available to a parent of  
42 the minor prior to the abortion, if possible. If it  
43 is not possible to provide a parent of the minor with  
44 written certification prior to the abortion, the  
45 physician shall provide the written certification to a  
46 parent of the minor within twelve hours following the  
47 performance of the abortion unless paragraph "b", "c",  
48 or "d" is applicable.  
49 b. The abortion is authorized in writing by a  
50 parent entitled to notification.

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1 c. The pregnant minor declares that the pregnant  
2 minor is a victim of child abuse pursuant to section  
3 232.68, the person responsible for the care of the  
4 child is a parent of the child, and the abuse has been  
5 reported pursuant to the procedures prescribed in  
6 chapter 232, division III, part 2, or a parent of the  
7 child is named in a report of founded child abuse.  
8 The department of human services shall maintain  
9 confidentiality under chapter 232 regarding the  
10 minor's pregnancy and abortion, if an abortion is  
11 obtained.

12 d. The pregnant minor elects not to allow  
13 notification of the pregnant minor's parent and a  
14 court authorizes waiver of the notification  
15 requirement following completion of the proceedings  
16 prescribed under subsection 5.

17 5. If a pregnant minor objects to the notification  
18 of a parent prior to the performance of an abortion on  
19 the pregnant minor, the pregnant minor may petition  
20 the court to authorize waiver of the notification  
21 requirement pursuant to this section in accordance  
22 with the following procedures:

23 a. The court shall ensure that the minor is  
24 provided with assistance in preparing and filing the  
25 petition for waiver of notification and shall ensure  
26 that the minor's identity remains confidential.

27 b. The minor may participate in the court  
28 proceedings on the minor's own behalf and the court  
29 may appoint a guardian ad litem for the minor. The  
30 court shall advise the minor of the minor's right to  
31 court-appointed legal counsel, and shall, upon the  
32 minor's request, provide the minor with court-  
33 appointed legal counsel, at no cost to the minor.

34 c. The court proceedings shall be conducted in a  
35 manner which protects the anonymity of the minor and  
36 all court documents pertaining to the proceedings  
37 shall remain confidential. Only the minor, the  
38 minor's guardian ad litem, the minor's legal counsel,  
39 and persons whose presence is specifically requested  
40 by the minor, by the minor's guardian ad litem, or by  
41 the minor's legal counsel may attend the hearing on  
42 the petition.

43 d. The court proceedings under this section shall  
44 be given precedence over other pending matters to  
45 ensure that the court reaches a decision  
46 expeditiously.

47 e. Upon petition and following an appropriate  
48 hearing, the court shall waive the notification  
49 requirements if the court determines either of the  
50 following:

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1 (1) That the minor is mature and capable of  
2 providing informed consent for the performance of an  
3 abortion.

4 (2) That the minor is not mature, or does not  
5 claim to be mature, but that notification is not in  
6 the best interest of the minor.

7 f. The court shall issue specific factual findings  
8 and legal conclusions, in writing, to support the  
9 decision.

10 g. Upon conclusion of the hearing, the court shall  
11 immediately issue a written order which shall be  
12 provided immediately to the minor, the minor's  
13 guardian ad litem, the minor's legal counsel, or any  
14 other person designated by the minor to receive the  
15 order.

16 h. An expedited, anonymous, confidential appeal  
17 shall be available to a minor for whom the court  
18 denies a petition for waiver of notification. An  
19 order granting the minor's application for waiver of  
20 notification is not subject to appeal. Access to the  
21 appellate courts for the purpose of an appeal under  
22 this section shall be provided to a minor twenty-four  
23 hours a day, seven days a week.

24 i. The supreme court shall prescribe rules to  
25 ensure that the proceedings under this section are  
26 performed in an expeditious, anonymous, and  
27 confidential manner.

28 j. A minor who chooses to utilize the waiver of  
29 notification procedures under this subsection shall  
30 not be required to pay a fee at any level of the  
31 proceedings.

32 k. A person performing an abortion on a minor  
33 under this chapter may inform the parent of the minor  
34 of any necessary treatment resulting from  
35 complications of the abortion procedure if, in the  
36 judgment of the person, failure to inform the parent  
37 would seriously jeopardize the health of the minor.

38 6. A person who performs an abortion in violation  
39 of this section is guilty of a serious misdemeanor.

40 7. A person who harasses or interferes with a  
41 minor seeking an abortion is guilty of a serious  
42 misdemeanor.

43 8. Venue for proceedings under this section is in  
44 any court in the state.

45 Sec. \_\_\_\_ . NEW SECTION. 232.5 ABORTION PERFORMED  
46 ON A MINOR -- PROCEEDINGS.

47 The court shall have exclusive jurisdiction over  
48 the authorization of an abortion on a minor pursuant  
49 to section 146A.1."

50 2. Page 6, line 7, by inserting after the word

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1 "revenues" the following: "providing for certain  
2 activities including the performance of an abortion on  
3 a minor".

4 3. By renumbering as necessary.

By BODDICKER of Cedar

H-5463 FILED MARCH 17, 1994

NOT GERMAN-SUSPEND RULES- LOST

## HOUSE FILE 2179

H-5493

1 Amend the amendment, H-5333, to House File 2179 as  
2 follows:

3 1. By striking page 1, line 45, through page 2,  
4 line 21.

5 2. By striking page 2, line 37, through page 3,  
6 line 21.

7 3. By striking page 3, line 39, through page 4,  
8 line 31.

9 4. Page 4, by striking lines 41 through 44 and  
10 inserting the following: "striking by this Act".

11 5. Page 4, by striking lines 46 through 48 and  
12 inserting the following: "excursion boat gambling has  
13 been approved shall submit to the".

14 6. Page 5, by striking lines 1 and 2 and  
15 inserting the following: "gambling boats at a special  
16 election at the".

17 7. Page 5, by striking lines 8 through 13 and in-  
18 serting the following: "sixty days of the unfavorable  
19 referendum."

20 8. Page 5, by striking lines 16 through 20.

21 9. Page 5, by striking lines 33 through 37.

By OSTERBERG of Linn

H-5493 FILED MARCH 17, 1994

LOST

## HOUSE FILE 2179

H-5465

1 Amend the amendment, H-5333, to House File 2179 as  
2 follows:  
3 1. Page 5, by inserting after line 13 the  
4 following:  
5 "Sec. \_\_\_\_ Section 99F.7, Code Supplement 1993, is  
6 amended by adding the following new subsection:  
7 NEW SUBSECTION. 16. The commission shall require  
8 each licensee operating gambling games to post in  
9 conspicuous locations specified by the commission the  
10 average percentage pay out from the gambling  
11 machines."

By BLACK of Jasper

H-5465 FILED MARCH 17, 1994  
ADOPTED

## HOUSE FILE 2179

H-5482

1 Amend the amendment, H-5333, to House File 2179 as  
2 follows:  
3 1. By striking page 1, line 45, through page 2,  
4 line 1.

By SCHRADER of Marion

H-5482 FILED MARCH 17, 1994  
LOST

## HOUSE FILE 2179

H-5489

1 Amend the amendment, H-5333, to House File 2179 as  
2 follows:  
3 1. Page 6, line 1, by inserting after the figure  
4 "8.56." the following: "However, of the additional  
5 tax revenue received pursuant to this section, the  
6 first \$299,369 shall be paid to the department of  
7 public safety and used for the salaries, support,  
8 maintenance, and miscellaneous purposes of five full-  
9 time equivalent pari-mutuel law enforcement agents,  
10 including the state's contribution to the peace  
11 officers' retirement, accident, and liability system  
12 provided in chapter 97A in the amount of eighteen  
13 percent of the officers' salaries."

By KOENIGS of Mitchell

H-5489 FILED MARCH 17, 1994  
ADOPTED

## HOUSE FILE 2179

H-5464

1 Amend the amendment, H-5333, to House File 2179 as  
2 follows:

3 1. Page 3, line 41, by inserting after the figure  
4 "4." the following: "a."

5 2. Page 4, line 16, by inserting after the word  
6 "payments" the following: "for horse racetracks and  
7 the provisions of paragraph "b" for dog racetracks".

8 3. Page 4, by inserting after line 31 the  
9 following:

10 "b. The commission shall authorize the licensees  
11 of pari-mutuel dog racetracks located in Dubuque  
12 county and Black Hawk county to conduct gambling games  
13 as provided in section 99F.4A if the licensees  
14 schedule at least one hundred thirty performances of  
15 twelve live races each day during a season of twenty-  
16 five weeks. For the pari-mutuel dog racetrack located  
17 in Pottawattamie county, the commission shall  
18 authorize the licensee to conduct gambling games as  
19 provided in section 99F.4A if the licensee schedules  
20 at least two hundred ninety performances of twelve  
21 live races each day during a season of fifty weeks.  
22 The commission shall approve an annual contract to be  
23 negotiated between the annual recipient of the dog  
24 racing promotion fund and each dog racetrack licensee  
25 to specify the percentage or amount of gambling game  
26 proceeds which shall be dedicated to supplement the  
27 purses of live dog races. The parties shall agree to  
28 a negotiation timetable to insure no interruption of  
29 business activity. If the parties fail to agree, the  
30 commission shall impose a timetable. If the two  
31 parties cannot reach agreement, each party shall  
32 select a representative and the two representatives  
33 shall select a third person to assist in negotiating  
34 an agreement. The two representatives may select the  
35 commission or one of its members to serve as the third  
36 party. Alternately, each party shall submit the name  
37 of the proposed third person to the commission who  
38 shall then select one of the two persons to serve as  
39 the third party. All parties to the negotiations,  
40 including the commission, shall consider that the dog  
41 racetracks were built to facilitate the development  
42 and promotion of Iowa greyhound racing dogs in this  
43 state and shall negotiate and decide accordingly."

By MERTZ of Kossuth

EDDIE of Buena Vista

H-5464 FILED MARCH 17, 1994

ADOPTED



## HOUSE FILE 2179

H-5490

1 Amend the amendment, H-5333, to House File 2179 as  
2 follows:  
3 1. Page 5, by inserting after line 32 the  
4 following:  
5 "Sec. \_\_\_\_\_. Section 99F.11, unnumbered paragraph 1,  
6 Code 1993, is amended to read as follows:  
7 A tax is imposed on the adjusted gross receipts  
8 received annually from gambling games authorized under  
9 this chapter at the rate of five percent on the first  
10 one million dollars of adjusted gross receipts, at the  
11 rate of ten percent on the next two million dollars of  
12 adjusted gross receipts, and at the rate of twenty  
13 percent on any amount of adjusted gross receipts over  
14 three million dollars. However, beginning January 1,  
15 1997, the rate on any amount of adjusted gross  
16 receipts over three million dollars from gambling  
17 games at racetrack enclosures is twenty-two percent  
18 and shall increase by two percent each succeeding  
19 calendar year until the rate is thirty-six percent.  
20 The taxes imposed by this section shall be paid by the  
21 licensee to the treasurer of state within ten days  
22 after the close of the day when the wagers were made  
23 and shall be distributed as follows:"

By HANSEN of Woodbury  
MILLAGE of Scott  
CATALDO of Polk

H-5490 FILED MARCH 17, 1994  
ADOPTED

## HOUSE FILE 2179

H-5491

1 Amend the amendment, H-5333, to House File 2179 as  
2 follows:  
3 1. Page 5, by inserting after line 32 the  
4 following:  
5 "Sec. \_\_\_\_\_. Section 99F.11, Code 1993, is amended  
6 by adding the following new unnumbered paragraph:  
7 NEW UNNUMBERED PARAGRAPH. In addition to any other  
8 tax imposed, there is imposed a tax of six percent on  
9 the adjusted gross receipts from gambling games at  
10 racetrack enclosures of a track with horse racing. A  
11 tax credit of six percent of the adjusted gross  
12 receipts shall be granted to licensees having gambling  
13 games at racetrack enclosures of a track with horse  
14 racing to be paid into a special fund to be used for  
15 debt retirement. After the annual requirements for  
16 long-term indebtedness are met, the remaining tax credit  
17 shall be paid into an escrow account for future debt  
18 retirement."

By FALLON of Polk

H-5491 FILED MARCH 17, 1994  
LOST

## HOUSE FILE 2179

H-5499

1 Amend the amendment, H-5333, to House File 2179 as  
2 follows:

3 1. Page 6, by inserting after line 1 the  
4 following:

5 "\_\_\_\_. Page 1, by striking lines 32 and 33 and  
6 inserting the following:

7 "Sec. \_\_\_\_ NEW SECTION. 99F.19 TRIBAL GAMING  
8 AGREEMENT.

9 1. The governor shall enter into negotiations for  
10 an agreement between the state of Iowa and each native  
11 American tribal council operating a gambling casino in  
12 this state pursuant to the federal Indian Regulatory  
13 Act (25 U.S.C. § 2701 et al.). The agreements shall  
14 include, but are not limited to, the following  
15 provisions:

16 a. Each gambling casino covered by an agreement  
17 shall pay monthly ten percent of the adjusted gross  
18 receipts or seventy-five million dollars annually,  
19 whichever amount is less, from the tribal gambling  
20 casinos in the state of Iowa. As used in this  
21 section, "adjusted gross receipts" means the total  
22 sums wagered less winnings paid to the wagerers.

23 b. Each gambling casino shall agree to abide by  
24 the provisions of sections 99F.9, subsection 6,  
25 99F.12, 99F.13, 99F.17, and 99F.17A, and to allow on-  
26 site inspection and monitoring of casino operations by  
27 store officials to the same extent that is required by  
28 other gambling casinos.

29 2. Of the amount received by the state under  
30 subsection 1:

31 a. An amount equal to the first five percent of  
32 the payment shall be deposited in the gamblers  
33 assistance fund.

34 b. Any remaining balance shall be used to pay the  
35 unpaid annual payment on the long-term indebtedness of  
36 a racetrack licensee.

37 c. Twenty-five percent of any balance remaining  
38 after the requirements of paragraph "b" are met shall  
39 be distributed to the racetracks without indebtedness  
40 in proportion to the attendance at each track.

41 d. The next \$500,000 after the requirements of  
42 paragraph "c" are met, shall be paid to the Iowa  
43 housing authority to fund low and moderate income  
44 housing projects.

45 e. The next \$500,000 after the requirements of  
46 paragraph "d" are met, shall be paid to the drug  
47 enforcement and abuse prevention coordinator and used  
48 for programs under the coordinator's jurisdiction.

49 f. Any remaining funds shall be credited to the  
50 state strategic investment fund and used for economic

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1 development projects in counties in which no pari-  
2 mutuel racetracks are located.  
3 Sec. \_\_\_\_ . EFFECTIVE DATE. This Act takes effect  
4 July 1, 1994, except that sections 4, 5, 9, and 11 of  
5 this Act shall not take effect if the governor  
6 certifies to the secretary of state by July 1, 1994,  
7 that an agreement has been reached with each tribal  
8 gambling casino under the provisions of this Act. If  
9 the agreements are reached and sections 4, 5, 9, and  
10 11 of this Act do not take effect on July 1, 1994,  
11 those sections shall take effect immediately if the  
12 governor certifies to the secretary of state that one  
13 or more gambling casinos in Iowa have failed to abide  
14 by the terms of the agreement. If an agreement is  
15 nullified by a person other than the parties to the  
16 agreement, sections 4, 5, 9, and 11 of this Act are  
17 void."

By BRUNKHORST of Bremer

H-5499 FILED MARCH 17, 1994

NOT GERMANE, MOTION TO SUSPEND RULES - LOST

(P. 772) 3-21-94 Senate - State Gov.  
(P. 839) 3-24-94 Senate - Do Pass  
(P. 843) 3-28-94 Senate - Referred to W. & mem.  
return to Columbus by 9:00 Wed. 3/30  
(P. 922) 3/30/94 Amend / Do Pass W/S - 5343  
HOUSE FILE 2179

BY COMMITTEE ON STATE GOVERNMENT  
(P. 933) Motion to R/c by Grunstal - lost  
(SUCCESSOR TO HSB 606) Motion by Tate - out of order

(As Amended and Passed by the House March 17, 1994)

Passed House, Date \_\_\_\_\_ Passed Senate, Date (P. 933) 3/30/94  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes 27 Nays 23  
Approved March 31, 1994

**A BILL FOR**

1 An Act relating to gambling and the regulation of gambling at  
2 pari-mutuel racetracks and on excursion gambling boats,  
3 providing for a county referendum, imposing a tax, allocating  
4 gaming revenues, providing an effective date, providing for  
5 other properly related matters, and subjecting violators to  
6 existing penalties.

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

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House Amendments \_\_\_\_\_

1 Section 1. Section 99B.6, subsection 1, paragraph k, Code  
2 1993, is amended to read as follows:

3 k. No A person under the age of eighteen twenty-one years  
4 may shall not participate in the gambling except pursuant to  
5 sections 99B.3, 99B.4, 99B.5, and 99B.7. Any licensee  
6 knowingly allowing a person under the age of eighteen twenty-  
7 one to participate in the gambling prohibited by this  
8 paragraph or any person knowingly participating in such  
9 gambling with a person under the age of eighteen twenty-one,  
10 shall-be is guilty of a simple misdemeanor.

11 Sec. 2. Section 99D.9, subsection 1, Code 1993, is amended  
12 to read as follows:

13 1. If the commission is satisfied that its rules and  
14 sections 99D.8 through 99D.20 applicable to licensees have  
15 been or will be complied with, it may issue a license for a  
16 period of not more than one year. The commission may  
17 decide which types of racing it will permit. The commission  
18 may permit dog racing, horse racing of any type or both  
19 types of racing. The commission may also permit other types of  
20 lottery racing. The commission may also permit other types of  
21 lottery racing. The commission may also permit other types of  
22 lottery racing, the type of license granted, the place where the  
23 race meeting is to be held, and the time and number of days  
24 during which racing may be conducted by the licensee. The  
25 commission shall not approve the licenses for racetracks in  
26 Dubuque county and Black Hawk county if the proposed  
27 schedules of the two tracks conflict. The commission shall  
28 not approve a license application if any part of the racetrack  
29 is to be constructed on prime farmland outside the city limits  
30 of an incorporated city. As used in this subsection, "prime  
31 farmland" means as defined by the United States department of  
32 agriculture in 7 C.F.R. sec. 657.5(a). A license is not  
33 transferable or assignable. The commission may revoke any  
34 license issued for good cause upon reasonable notice and  
35 hearing. The commission shall conduct a neighborhood impact

1 study to determine the impact of granting a license on the  
2 quality of life in neighborhoods adjacent to the proposed  
3 racetrack facility. The applicant for the license shall  
4 reimburse the commission for the costs incurred in making the  
5 study. A copy of the study shall be retained on file with the  
6 commission and shall be a public record. The study shall be  
7 completed before the commission may issue a license for the  
8 proposed facility.

9     Sec. 3. Section 99D.11, subsection 6, paragraph b, Code  
10 1993, is amended to read as follows:

11     b. The commission may authorize the licensee to  
12 simultaneously telecast within the racetrack enclosure, for  
13 the purpose of pari-mutuel wagering, a horse or dog race  
14 licensed by the racing authority of another state. It is the  
15 responsibility of each licensee to obtain the consent of  
16 appropriate racing officials in other states as required by  
17 the federal Interstate Horseracing Act of 1978, 15 U.S.C. §  
18 3001-3007, to televise races for the purpose of conducting  
19 pari-mutuel wagering. A licensee may also obtain the  
20 permission of a person licensed by the commission to conduct  
21 horse or dog races in this state to televise races conducted  
22 by that person for the purpose of conducting pari-mutuel  
23 racing. However, arrangements made by a licensee to televise  
24 any race for the purpose of conducting pari-mutuel wagering  
25 are subject to the approval of the commission, and the  
26 commission shall select the races to be televised. The races  
27 selected by the commission shall be the same for all licensees  
28 approved by the commission to televise races for the purpose  
29 of conducting pari-mutuel wagering. The commission shall not  
30 authorize the simultaneous telecast or televising of and a  
31 licensee shall not simultaneously telecast or televise any  
32 horse or dog race for the purpose of conducting pari-mutuel  
33 wagering unless the simultaneous telecast or televising is  
34 done at the racetrack of a licensee that schedules no less  
35 than ninety sixty performances of nine live races each day of

1 the season. For purposes of the taxes imposed under this  
2 chapter, races televised by a licensee for purposes of pari-  
3 mutuel wagering shall be treated as if the races were held at  
4 the racetrack of the licensee.

5 Sec. 4. Section 99D.11, subsection 7, Code 1993, is  
6 amended to read as follows:

7 7. A person under the age of eighteen twenty-one years  
8 shall not make a pari-mutuel wager.

9 Sec. 5. Section 99D.24, subsection 2, Code 1993, is  
10 amended to read as follows:

11 2. A person knowingly permitting a person under the age of  
12 eighteen twenty-one years to make a pari-mutuel wager is  
13 guilty of a simple misdemeanor.

14 Sec. 6. Section 99E.18, subsection 2, Code 1993, is  
15 amended to read as follows:

16 2. A ticket or share shall not be sold to a person who has  
17 not reached the age of eighteen twenty-one. This does not  
18 prohibit the lawful purchase of a ticket or share for the  
19 purpose of making a gift to a person who has not reached the  
20 age of eighteen twenty-one. A licensee or a licensee's  
21 employee who knowingly sells or offers to sell a lottery  
22 ticket or share to a person who has not reached the age of  
23 eighteen twenty-one is guilty of a simple misdemeanor. In  
24 addition the license of a licensee shall be suspended. A  
25 prize won by a person who has not reached the age of eighteen  
26 twenty-one but who purchases a winning ticket or share in  
27 violation of this subsection shall be forfeited.

28 Sec. 7. Section 99F.1, subsections 8 and 15, Code 1993,  
29 are amended by striking the subsections.

30 Sec. 8. Section 99F.1, subsection 10, Code 1993, is  
31 amended to read as follows:

32 10. "Gambling game" means any game of chance authorized by  
33 the commission. However, for racetrack enclosures, "gambling  
34 game" does not include table games of chance or video  
35 machines. "Gambling game" does not include sports betting.

1 Sec. 9. Section 99F.1, Code 1993, is amended by adding the  
2 following new subsection:

3 NEW SUBSECTION. 17. "Racetrack enclosure" means the  
4 grandstand, clubhouse, turf club, or other areas of a licensed  
5 racetrack which an individual may enter only upon payment of  
6 an admission fee or upon presentation of authorized  
7 credentials. "Racetrack enclosure" also means any additional  
8 areas designated by the commission.

9 Sec. 10. Section 99F.4, subsection 4, Code Supplement  
10 1993, is amended to read as follows:

11 4. To regulate the wagering structure for gambling  
12 excursions including providing a maximum wager of five dollars  
13 per hand or play and maximum loss of two hundred dollars per  
14 individual player per gambling excursion license the licensee  
15 of a pari-mutuel dog or horse racetrack enclosure subject to  
16 the provisions of this chapter and rules adopted pursuant to  
17 this chapter relating to gambling except as otherwise provided  
18 in section 99F.4A.

19 Sec. 11. Section 99F.4, subsection 17, Code Supplement  
20 1993, is amended to read as follows:

21 17. To define the excursion season and the duration of an  
22 excursion which shall be at least three hours during the  
23 excursion season. For the off-season, the commission shall  
24 adopt rules limiting times of admission to excursion gambling  
25 boats consistent with maximum loss per player per gambling  
26 excursion specified in subsection 4. While an excursion  
27 gambling boat is docked, passengers may embark or disembark at  
28 any time during its business hours.

29 Sec. 12. Section 99F.4, subsection 20, Code Supplement  
30 1993, is amended by striking the subsection.

31 Sec. 13. NEW SECTION. 99F.4A GAMBLING GAMES AT PARI-  
32 MUTUEL RACETRACKS -- FEES AND TAXES.

33 1. Upon application, the commission shall license the  
34 licensee of a pari-mutuel dog or horse racetrack to operate  
35 gambling games at a pari-mutuel racetrack enclosure subject to



1 the provisions of this chapter and rules adopted pursuant to  
2 this chapter relating to gambling except as otherwise provided  
3 in this section.

4 2. A license to operate gambling games shall be issued  
5 only to a licensee holding a valid license to conduct pari-  
6 mutuel dog or horse racing pursuant to chapter 99D on January  
7 1, 1994.

8 3. A person holding a valid license pursuant to chapter  
9 99D to conduct pari-mutuel wagering at a dog or horse  
10 racetrack is exempt from further investigation and examination  
11 for licensing to operate a gambling game pursuant to this  
12 chapter. However, the commission may order future  
13 investigations or examinations as the commission finds  
14 appropriate.

15 4. The fee imposed in section 99D.14, subsection 2, shall  
16 be collected for admission to a racetrack enclosure where  
17 gambling games are licensed to operate in lieu of the  
18 admission fee imposed in section 99F.10.

19 5. In lieu of the annual license fee specified in section  
20 99F.5, the annual license fee for operating gambling games at  
21 a pari-mutuel racetrack shall be one thousand dollars.

22 6. The adjusted gross receipts received from gambling  
23 games shall be taxed at the same rates and the proceeds  
24 distributed in the same manner as provided in section 99F.11.

25 7. A licensee shall keep its books and records regarding  
26 the operation of gambling games in compliance with section  
27 99F.12, as applicable.

28 Sec. 14. Section 99F.5, subsection 1, Code 1993, is  
29 amended to read as follows:

30 1. A qualified sponsoring organization may apply to the  
31 commission for a license to conduct gambling games on an  
32 excursion gambling boat as provided in this chapter. A person  
33 may apply to the commission for a license to operate an  
34 excursion gambling boat. The application shall be filed with  
35 the administrator of the commission at least ninety days

1 before the first day of the next excursion season as  
2 determined by the commission, shall identify the excursion  
3 gambling boat upon which gambling games will be authorized,  
4 shall specify the exact location where the excursion gambling  
5 boat will be docked, and shall be in a form and contain  
6 information as the commission prescribes. The minimum  
7 passenger capacity of an excursion gambling boat is two  
8 hundred fifty persons.

9 Sec. 15. Section 99F.6, subsection 4, Code 1993, is  
10 amended to read as follows:

11 4. a. Before a license is granted, the division of  
12 criminal investigation of the department of public safety  
13 shall conduct a thorough background investigation of the  
14 applicant for a license to operate a gambling game operation  
15 on an excursion gambling boat. The applicant shall provide  
16 information on a form as required by the division of criminal  
17 investigation. Before a qualified sponsoring organization is  
18 licensed to operate gambling games under this chapter, the  
19 qualified sponsoring organization shall certify that the  
20 receipts of all gambling games, less reasonable expenses,  
21 charges, taxes, fees, and deductions allowed under this  
22 chapter, will be distributed as winnings to players or  
23 participants or will be distributed for educational, civic,  
24 public, charitable, patriotic, or religious uses as defined in  
25 section 99B.7, subsection 3, paragraph "b". However, if a  
26 licensee who is also licensed to conduct pari-mutuel wagering  
27 at a horse racetrack has unpaid debt from the pari-mutuel  
28 racetrack operations, the first receipts of the gambling games  
29 operated within the racetrack enclosure less reasonable  
30 operating expenses, taxes, and fees allowed under this chapter  
31 shall be first used to pay the annual indebtedness. The  
32 commission shall authorize, subject to the debt payments for  
33 horse racetracks and the provisions of paragraph "b" for dog  
34 racetracks, a licensee who is also licensed to conduct pari-  
35 mutuel dog or horse racing to use receipts from gambling games

1 within the racetrack enclosure to supplement purses for races  
2 particularly for Iowa-bred horses pursuant to an agreement  
3 which shall be negotiated between the licensee and  
4 representatives of the dog or horse owners. A qualified  
5 sponsoring organization shall not make a contribution to a  
6 candidate, political committee, candidate's committee, state  
7 statutory political committee, county statutory political  
8 committee, national political party, or fund-raising event as  
9 these terms are defined in section 56.2. The membership of  
10 the board of directors of a qualified sponsoring organization  
11 shall represent a broad interest of the communities.

12 b. The commission shall authorize the licensees of pari-  
13 mutuel dog racetracks located in Dubuque county and Black Hawk  
14 county to conduct gambling games as provided in section 99F.4A  
15 if the licensees schedule at least one hundred thirty  
16 performances of twelve live races each day during a season of  
17 twenty-five weeks. For the pari-mutuel dog racetrack located  
18 in Pottawattamie county, the commission shall authorize the  
19 licensee to conduct gambling games as provided in section  
20 99F.4A if the licensee schedules at least two hundred ninety  
21 performances of twelve live races each day during a season of  
22 fifty weeks. The commission shall approve an annual contract  
23 to be negotiated between the annual recipient of the dog  
24 racing promotion fund and each dog racetrack licensee to  
25 specify the percentage or amount of gambling game proceeds  
26 which shall be dedicated to supplement the purses of live dog  
27 races. The parties shall agree to a negotiation timetable to  
28 insure no interruption of business activity. If the parties  
29 fail to agree, the commission shall impose a timetable. If  
30 the two parties cannot reach agreement, each party shall  
31 select a representative and the two representatives shall  
32 select a third person to assist in negotiating an agreement.  
33 The two representatives may select the commission or one of  
34 its members to serve as the third party. Alternately, each  
35 party shall submit the name of the proposed third person to

1 the commission who shall then select one of the two persons to  
2 serve as the third party. All parties to the negotiations,  
3 including the commission, shall consider that the dog  
4 racetracks were built to facilitate the development and  
5 promotion of Iowa greyhound racing dogs in this state and  
6 shall negotiate and decide accordingly.

7 Sec. 16. Section 99F.7, subsection 5, paragraph a, Code  
8 Supplement 1993, is amended by striking the paragraph.

9 Sec. 17. Section 99F.7, subsection 10, paragraph c, Code  
10 Supplement 1993, is amended to read as follows:

11 c. If, after ~~July 1, 1989~~ January 1, 1994, section 99F.4,  
12 subsection 4, or 99F.9, subsection 2, is amended or stricken,  
13 including any amending or striking by this Act, or a licensee  
14 of a pari-mutuel racetrack who held a valid license issued  
15 under chapter 99D as of January 1, 1994, requests a license to  
16 operate gambling games as provided in this chapter, the board  
17 of supervisors of a county in which excursion boat gambling  
18 has been approved or in which the licensee of a pari-mutuel  
19 racetrack requests a license to operate gambling games shall  
20 submit to the county electorate a proposition to approve or  
21 disapprove the conduct of gambling games on excursion gambling  
22 boats or the operation of gambling games at pari-mutuel  
23 racetracks at a special election at the earliest practicable  
24 time. If excursion boat gambling is not approved by a  
25 majority of the county electorate voting on the proposition at  
26 the election, paragraph "b" does not apply to the licenses and  
27 the commission shall cancel the licenses issued for the county  
28 within sixty days of the unfavorable referendum. If the  
29 operation of gambling games at the pari-mutuel racetrack is  
30 not approved by a majority of the county electorate voting on  
31 the proposition at the election, the commission shall not  
32 issue a license to operate gambling games at the racetrack.  
33 If the proposition to operate gambling games on an excursion  
34 gambling boat or at a racetrack enclosure is approved by a  
35 majority of the county electorate voting on the proposition,

1 the board of supervisors shall submit the same proposition to  
2 the county electorate at the general election held in 2002  
3 and, unless the operation of gambling games is not terminated  
4 earlier as provided in this chapter or chapter 99D, at the  
5 general election held at each subsequent eight-year interval.

6 Sec. 18. Section 99F.7, Code Supplement 1993, is amended  
7 by adding the following new subsection:

8 NEW SUBSECTION. 16. The commission shall require each  
9 licensee operating gambling games to post in conspicuous  
10 locations specified by the commission the average percentage  
11 pay out from the gambling machines.

12 Sec. 19. Section 99F.9, subsection 2, Code 1993, is  
13 amended by striking the subsection.

14 Sec. 20. Section 99F.9, subsection 3, Code 1993, is  
15 amended to read as follows:

16 3. The licensee may receive wagers only from a person  
17 present on a licensed excursion gambling boat or in a licensed  
18 racetrack enclosure.

19 Sec. 21. Section 99F.9, subsection 4, Code 1993, is  
20 amended to read as follows:

21 4. The licensee shall exchange the money of each wagerer  
22 for tokens, chips, or other forms of credit to be wagered on  
23 the gambling games. However, nickels and quarters of legal  
24 tender may be used for wagering in lieu of tokens or other  
25 forms of credit. The licensee shall exchange the gambling  
26 tokens, chips, or other forms of wagering credit for money at  
27 the request of the wagerer.

28 Sec. 22. Section 99F.9, subsections 5 and 7, Code 1993,  
29 are amended by striking the subsections.

30 Sec. 23. Section 99F.9, subsection 6, Code 1993, is  
31 amended to read as follows:

32 6. A person under the age of ~~eighteen~~ twenty-one years  
33 shall not make a wager on an excursion gambling boat and shall  
34 not be allowed in the area of the excursion boat where  
35 gambling is being conducted. However, a person eighteen years

1 of age or older may be employed to work in a gambling area.

2 Sec. 24. Section 99F.9, Code 1993, is amended by adding  
3 the following new subsection:

4 NEW SUBSECTION. 8. A licensee shall not accept a credit  
5 card as defined in section 537.1301, subsection 16, to  
6 purchase coins, tokens, or other forms of credit to be wagered  
7 on gambling games.

8 Sec. 25. Section 99F.11, unnumbered paragraph 1, Code  
9 1993, is amended to read as follows:

10 A tax is imposed on the adjusted gross receipts received  
11 annually from gambling games authorized under this chapter at  
12 the rate of five percent on the first one million dollars of  
13 adjusted gross receipts, at the rate of ten percent on the  
14 next two million dollars of adjusted gross receipts, and at  
15 the rate of twenty percent on any amount of adjusted gross  
16 receipts over three million dollars. However, beginning  
17 January 1, 1997, the rate on any amount of adjusted gross  
18 receipts over three million dollars from gambling games at  
19 racetrack enclosures is twenty-two percent and shall increase  
20 by two percent each succeeding calendar year until the rate is  
21 thirty-six percent. The taxes imposed by this section shall  
22 be paid by the licensee to the treasurer of state within ten  
23 days after the close of the day when the wagers were made and  
24 shall be distributed as follows:

25 Sec. 26. Section 99F.11, subsection 3, Code 1993, is  
26 amended to read as follows:

27 3. Three Five percent of the adjusted gross receipts shall  
28 be deposited in the gamblers assistance fund specified in  
29 section 99E.10, subsection 1, paragraph "a".

30 Sec. 27. Section 99F.15, subsection 2, Code 1993, is  
31 amended to read as follows:

32 2. A person knowingly permitting a person under the age of  
33 eighteen twenty-one years to make a wager is guilty of a  
34 simple misdemeanor.

35 Sec. 28. Section 99F.15, subsection 3, Code 1993, is

1 amended to read as follows:

2 3. A person wagering or accepting a wager at any location  
3 outside the an excursion gambling boat or a racetrack  
4 enclosure is in violation of section 725.7.

5 Sec. 29. Section 99F.16, subsection 2, Code 1993, is  
6 amended to read as follows:

7 2. ~~All~~ Except for coins authorized in section 99F.9,  
8 subsection 4, all moneys, coin, and currency found in close  
9 proximity of wagers, or of records of wagers are presumed  
10 forfeited. The burden of proof is upon the claimant of the  
11 property to rebut this presumption.

12 Sec. 30. ADDITIONAL GAMBLING REVENUE. For the fiscal year  
13 beginning July 1, 1994, and ending June 30, 1995, fifty  
14 percent of the gambling revenue received by the state pursuant  
15 to chapters 99D and 99F in excess of \$11,100,000 shall be  
16 credited to the cash reserve fund created in section 8.56.

17 However, of the additional tax revenue received pursuant to  
18 this section, the first \$299,369 shall be paid to the  
19 department of public safety and used for the salaries,  
20 support, maintenance, and miscellaneous purposes of five full-  
21 time equivalent pari-mutuel law enforcement agents, including  
22 the state's contribution to the peace officers' retirement,  
23 accident, and liability system provided in chapter 97A in the  
24 amount of eighteen percent of the officers' salaries.

25 However, the portion of the additional tax revenue received  
26 for the gamblers assistance fund shall be used by the  
27 department of human services to fund a coordinator and  
28 additional staff as needed to develop educational prevention  
29 programs and treatment programs for addicted gamblers.

30 Sec. 31. This Act, being deemed of immediate importance,  
31 takes effect upon enactment.

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**HOUSE FILE 2179  
FISCAL NOTE**

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A fiscal note for HF 2179 as passed by the House is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

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House File 2179 as passed by the House contains the following provisions that affect the fiscal impact:

1. Reduces the number of live racing days required at Prairie Meadows from 90 to 60 to allow simulcasting.
2. Prohibits overlapping racing seasons at Dubuque and Waterloo.
3. Allows 24-hour accessibility to riverboat gambling and slot machines.
4. Eliminates the \$5 bet and \$200 loss limits.
5. Allows slot machines to be authorized at racetracks, subject to voter approval.
6. Designates that 50% of the gambling revenues in excess of \$11.1 million during FY 1995 be deposited in the General Fund and 50% in the Cash Reserve Fund.
7. Raises the legal gambling age from 18 to 21.
8. Requires 5% of the adjusted gross receipts from riverboat gambling to be deposited in the Gamblers' Assistance Fund (current law is 3%).
9. Requires racetracks to have a certain minimum number of live racing performances as a condition for approval of a license for slot machines.
10. Requires the first \$299,369 of additional gaming receipts be paid to the Department of Public Safety for 5.0 FTE positions for pari-mutuel law enforcement agents.
11. Requires the top tax rate on slot machine receipts to increase to 22% beginning January 1, 1997, and by 2% per year thereafter until the top rate equals 36%. The current top rate is 20%.

Assumptions:

1. All affected electorates will approve the gambling changes.
2. Monitoring of 24-hour gambling will be required at the 4 racetracks and all riverboats for 365 days each year.
3. Dubuque and Waterloo will each install 500 slot machines; Bluffs Run and Prairie Meadows will have 750 slot machines each.
4. Slot machines at the racetracks will be installed and operational as of July 1, 1994.
5. Current pari-mutuel revenue is estimated at \$9.1 million for FY 1994.
6. Eliminating the \$5 bet and \$200 loss limits and removal of restrictions such as excursion definitions for riverboats will result in an increase of \$2.0 million of wagering tax revenue to the General Fund compared to FY 1994.
7. Addition of slot machines at the 4 racetracks will result in an increase of \$15.0 million of wagering tax revenue to the General Fund compared to FY 1994. This is consistent with a daily win per machine of \$80 for 365 days per year for 2,500 machines.



-2-

8. The Racing and Gaming Commission will require an additional 15.50 FTE positions at a cost of \$545,000 for FY 1995 and FY 1996.
9. The Division of Criminal Investigation will require an additional 14.0 FTE positions at a cost of \$611,000 for FY 1995 and \$509,000 for FY 1996.
10. No estimate is available for potential loss of revenue from competition for the gambling dollar.
11. No estimate is available regarding the effect of economic development for local governments.

Fiscal Impact:

It is estimated that \$17.0 million of new wagering tax revenue will be generated each year in FY 1995 and FY 1996. Of the increase \$9.35 million will be deposited in the General Fund, \$7.35 million will be deposited in the Cash Reserve Fund, and \$0.3 million will be paid to the Department of Public Safety each year in FY 1995 and FY 1996.

General Fund expenditures will increase by \$1.2 million in FY 1995 and \$1.1 million in FY 1996.

Net impact to the General Fund will be an increase of \$8.15 million for FY 1995 and \$8.25 million for FY 1996.

Sources: Racing and Gaming Commission  
Division of Criminal Investigation

(LSB 3329hv.3)

FILED MARCH 24, 1994

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 2179

S-5366

1 Amend House File 2179, as amended, passed, and  
2 reprinted by the House as follows:

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

5 "Sec. \_\_\_\_ . APPROPRIATION FOR LAW ENFORCEMENT.

6 There is appropriated from the general fund of the  
7 state to the department of public safety for the  
8 fiscal year beginning July 1, 1994, and ending June  
9 30, 1995, the following amounts, or so much thereof as  
10 is necessary, to be used for the purposes designated:

11 1. For salaries, support, maintenance,  
12 miscellaneous purposes and for not more than ten full-  
13 time equivalent pari-mutuel law enforcement agent  
14 positions including the state contribution to the  
15 peace officers' retirement, accident and disability  
16 system provided in chapter 97A in the amount of  
17 eighteen percent of the officers' salaries:

18 ..... \$ 453,587

19 2. To the division of criminal investigation for  
20 salaries, support, maintenance, and miscellaneous  
21 purposes and for not more than four full-time  
22 equivalent positions including the state contribution  
23 to the peace officers' retirement, accident and  
24 disability system provided in chapter 97A in the  
25 amount of eighteen percent of the officer's salaries:

26 ..... \$ 122,324

27 It is the intent of the general assembly that, for  
28 each additional riverboat beyond four riverboats, the  
29 department of public safety may employ two special  
30 agents and four gaming enforcement officers."

31 2. Page 11, by striking lines 17 through 24.

By RALPH ROSENBERG

S-5366 FILED MARCH 30, 1994  
LOST

## HOUSE FILE 2179

S-5331

1 Amend House File 2179, as amended, passed, and re-  
2 printed by the House, as follows:

3 1. Page 10, line 27, by striking the word "Five"  
4 and inserting the following: "One".

5 2. Page 10, by inserting after line 29 the  
6 following:

7 "Sec. \_\_\_\_ . Section 99F.11, Code 1993, is amended  
8 by adding the following new subsections after  
9 subsection 3 and renumbering:

10 NEW SUBSECTION. 4. Two percent of the adjusted  
11 gross receipts shall be deposited in the Iowa state  
12 fair foundation fund established pursuant to section  
13 173.22.

14 NEW SUBSECTION. 5. Two percent of the adjusted  
15 gross receipts shall be deposited into a county fair  
16 foundation fund established in the office of the state  
17 treasurer to be used for additional state aid to those  
18 county fairs receiving state aid pursuant to chapter  
19 174. The state fair board shall establish the method  
20 and amounts for which county fairs may apply and  
21 receive these funds."

*Lost 3/30/94 (p.928)* By BERL E. PRIEBE

S-5331 FILED MARCH 29, 1994

## HOUSE FILE 2179

S-5333

1 Amend House File 2179, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. Page 10, line 15, by striking the word  
4 "twenty" and inserting the following: "twenty forty".

5 2. Page 10, by striking lines 16 through 21 and  
6 inserting the following: "receipts over three million  
7 dollars. The taxes imposed by this section shall".

8 3. Page 10, by inserting after line 29 the  
9 following:

10 "Sec. \_\_\_\_ . Section 99F.11, subsection 4, Code  
11 1993, is amended to read as follows:

12 4. The remaining amount of the adjusted gross  
13 receipts tax shall be credited to the general fund of  
14 the state. There is appropriated from the general  
15 fund of the state the amount deposited into such fund  
16 under this subsection to be used for services and  
17 other assistance provided to persons with mental  
18 illness or developmental disabilities which would  
19 otherwise be paid by counties in accordance with the  
20 laws of this state. Moneys appropriated in this  
21 subsection shall be provided in a manner which does  
22 not permit supplanting of county funds which can then  
23 be used for a different purpose."

By BERL E. PRIEBE

S-5333 FILED MARCH 29, 1994

*Lost 3/30/94 (p.928)*

HOUSE FILE 2179

S-5330

1 Amend House File 2179, as amended, passed, and re-  
2 printed by the House, as follows:

3 1. Page 8, line 16, by inserting after the word  
4 "chapter," the following: "the commission shall  
5 authorize the operation of gambling games as provided  
6 in this chapter and shall issue licenses for the  
7 operation of gambling games at licensed pari-mutuel  
8 racetracks unless within thirty days after the  
9 effective date of this Act, a valid petition meeting  
10 the requirements of section 331.306 is received by the  
11 board of supervisors requesting an election on the  
12 changes in the operations of gambling games. Upon  
13 receipt of a valid petition within the thirty days,".

14 2. By striking page 8, line 33, through page 9,  
15 line 5.

(p.937)

*Lost* 3/30/94 *Withdrawn* By BERL E. PRIEBE

S-5330 FILED MARCH 29, 1994

HOUSE FILE 2179

S-5307

1 Amend House File 2179, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. Page 11, by striking lines 30 and 31 and  
4 inserting the following:

5 "Sec. \_\_\_\_ . EFFECTIVE DATE. This Act shall not  
6 take effect unless the following proposition is  
7 approved by a majority of the voters of this state at  
8 the next general election. The state commissioner of  
9 elections shall submit, not less than sixty-nine days  
10 preceding the next general election, a certified copy  
11 of the following public measure to the county  
12 commissioners of elections to be placed on the ballot  
13 and submitted to the voters of the state:

14 "Shall additional gambling be allowed in  
15 Iowa?" Yes \_\_\_\_\_ No \_\_\_\_\_

16 The public measure shall be submitted to the state  
17 electorate as provided in chapter 49A. If a majority  
18 of the voters of the state voting on the proposition  
19 vote yes for additional gambling in Iowa, this Act  
20 shall take effect January 1 following the general  
21 election. If a majority of the voters vote no, this  
22 Act is void."

By ANDY MCKEAN

S-5307 FILED MARCH 28, 1994

*Lost* 3/30/94

## HOUSE FILE 2179

S-5363

1 Amend House File 2179, as amended, passed, and  
2 reprinted by the House, as follows:  
3 1. Page 5, by inserting after line 27 the  
4 following:  
5 "\_\_\_\_. A licensee shall meet the requirements of  
6 section 99F.7, subsection 5A."  
7 2. Page 8, by inserting after line 8 the  
8 following:  
9 "Sec. \_\_\_\_\_. Section 99F.7, Code Supplement 1993, is  
10 amended by adding the following new subsection:  
11 NEW SUBSECTION. 5A. The commission shall require  
12 each licensee to meet the following requirements:  
13 1. The licensee shall provide and pay at least  
14 eighty percent of the cost of a standard medical and  
15 dental insurance plan for all full-time employees  
16 working at the gambling facility.  
17 2. In addition to subsection 1, a licensee shall  
18 do at least two of the following:  
19 a. Offer a pension or profit sharing plan to full-  
20 time employees.  
21 b. Make day care services available to its  
22 employees.  
23 c. Invest annually no less than one percent of  
24 pretax gambling receipts from the facility in worker  
25 training and skills enhancement.  
26 d. Have an active productivity and safety  
27 improvement program involving management and worker  
28 participation and cooperation with benchmarks for  
29 gauging compliance."

By ANDY McKEAN

S-5363 FILED MARCH 30, 1994

LOST

## HOUSE FILE 2179

S-5364

1 Amend House File 2179, as amended, passed, and  
2 reprinted by the House as follows:  
3 1. Page 1, by inserting after line 10 the  
4 following:  
5 "Sec. \_\_\_\_\_. Section 99D.5, Code 1993, is amended by  
6 adding the following new subsection:  
7 NEW SUBSECTION. 7. A member of the state racing  
8 and gaming commission or a director of the state  
9 racing and gaming commission shall not accept  
10 employment within two years after membership on or  
11 employment by the state racing and gaming commission  
12 with any person licensed pursuant to chapter 99D, 99E,  
13 or 99F or a manufacturer or distributor of gambling  
14 games, devices or equipment. A violation of this  
15 subsection is a serious misdemeanor."

By RALPH ROSENBERG

S-5364 FILED MARCH 30, 1994

LOST

## HOUSE FILE 2179

S-5365

1 Amend House File 2179, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. Page 11, by striking lines 30 and 31 and  
4 inserting the following:

5 "Sec. \_\_\_\_ . NEW SECTION. 99F.19 TRIBAL GAMING  
6 AGREEMENT.

7 The governor shall enter into negotiations for an  
8 agreement between the state of Iowa and each native  
9 American tribal council operating a gambling casino in  
10 this state pursuant to the federal Indian Regulatory  
11 Act (25 U.S.C. § 2701 et al.). The agreements shall  
12 include, but are not limited to, provisions that each  
13 gambling casino covered by an agreement shall pay  
14 monthly ten percent of the adjusted gross receipts  
15 from the tribal gambling casinos in the state of Iowa.  
16 As used in this section, "adjusted gross receipts"  
17 means the total sums wagered less winnings paid to the  
18 wagerers. The gambling moneys received shall be  
19 credited to a special account in the general fund of  
20 the state and used to pay the indebtedness of the  
21 pari-mutuel racetracks, the operating losses of the  
22 pari-mutuel racetracks, the expenses for monitoring  
23 tribal gambling game operations, and other expenses  
24 agreed to by the general assembly.

25 Sec. \_\_\_\_ . EFFECTIVE DATE. This Act takes effect  
26 July 1, 1994, except that sections 8, 9, 13, 15, 17,  
27 20, 25, 28, and 30 of this Act shall not take effect  
28 if the governor certifies to the secretary of state by  
29 July 1, 1994, that an agreement has been reached with  
30 each tribal gambling casino under the provisions of  
31 this Act. If the agreements are reached and sections  
32 4, 5, 9, and 11 of this Act do not take effect on July  
33 1, 1994, those sections shall take effect immediately  
34 if the governor certifies to the secretary of state  
35 that one or more gambling casinos in Iowa have failed  
36 to abide by the terms of the agreement. If an  
37 agreement is nullified by a person other than the  
38 parties to the agreement, sections 8, 9, 13, 15, 17,  
39 20, 25, 28, and 30 of this Act are void."

By RANDAL J. GIANNETTO  
EMIL HUSAK  
ANDY McKEAN  
RAY TAYLOR  
WAYNE D. BENNETT  
BRAD BANKS

JACK W. HESTER  
WILLIAM W. DIELEMAN  
JEAN LLOYD-JONES  
RALPH ROSENBERG  
AL STURGEON

S-5365 FILED MARCH 30, 1994  
LOST

## HOUSE FILE 2179

S-5356

1 Amend the amendment, S-5343, to House File 2179, as  
2 amended, passed, and reprinted by the House, as  
3 follows:

4 1. By striking page 1, line 5 through page 3,  
5 line 12, and inserting the following:

6 "Section 1. IOWA PARI-MUTUEL WAGERING AND  
7 EXCURSION BOAT GAMBLING DISCONTINUED -- DISPOSITION OF  
8 PROPERTY -- EMPLOYEES TRANSFERRED OR LAID OFF.

9 1. The state racing and gaming commission shall  
10 rescind all licenses issued pursuant to chapters 99D  
11 and 99F effective July 1, 1994. The commission shall  
12 provide for the termination of all contracts relating  
13 to pari-mutuel wagering and excursion boat gambling  
14 games extending beyond July 1, 1994, and provide for  
15 the disposition of all property leased or owned by the  
16 commission.

17 2. Any employee of the state racing and gaming  
18 commission employed pursuant to chapter 19A and whose  
19 duty assignment is terminated by this Act, may be  
20 transferred to other duties within the department of  
21 inspections and appeals, reassigned to other duties in  
22 another state department or agency, or terminated.  
23 The personnel commission shall adopt rules to carry  
24 out the transfer of employees under this Act and to  
25 carry out subsequent reclassification, reassignments,  
26 or terminations made necessary by this Act. The  
27 personnel commission shall arbitrate and decide a  
28 written appeal made by an employee concerning a  
29 transfer, reassignment, reclassification, or  
30 termination made necessary by this Act. An employee  
31 shall not lose benefits accrued, including but not  
32 limited to salary, retirement, vacation, or sick leave  
33 because of a transfer or reassignment.

34 3. The members of the state racing and gaming  
35 commission, the director, and any additional employees  
36 deemed necessary by the commission may continue  
37 employment on or after July 1, 1994, to provide for  
38 the orderly discontinuation of pari-mutuel wagering  
39 and excursion boat gambling games. However, not later  
40 than September 30, 1994, the terms of office of the  
41 commission members and the employment of the director  
42 and any other employees remaining on or after July 1,  
43 1994, shall terminate. Any matters regarding the  
44 termination of the pari-mutuel wagering or excursion  
45 boat gambling games established under chapter 99D or  
46 99F which remain on October 1, 1994, are the  
47 responsibility of the director of revenue and finance.  
48 The director of revenue and finance shall complete the  
49 discontinuation of pari-mutuel wagering and excursion  
50 boat gambling games as expeditiously as possible.

S-5356

-1-

## HOUSE FILE 2179

S-5354

1 Amend House File 2179, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. Page 3, by inserting after line 13 the  
4 following:

5 "Sec. \_\_\_\_\_. Section 99E.10, subsection 1, paragraph  
6 a, Code Supplement 1993, is amended by striking the  
7 paragraph and inserting in lieu thereof the following:

8 a. An amount equal to four-tenths of one percent  
9 of the gross lottery revenue shall be deposited in a  
10 gamblers assistance fund in the office of the  
11 treasurer of state. The director of human services  
12 shall administer the fund to provide programs which  
13 may include, but are not limited to, outpatient and  
14 follow-up treatment for persons affected by problem  
15 gambling, rehabilitation and residential treatment  
16 programs, information and referral services, and  
17 education and preventive services."

18 2. Page 10, line 27, by striking the word "Five"  
19 and inserting the following: "Four-tenths of one".

By WILLIAM W. DIELEMAN

S-5354 FILED MARCH 30, 1994

LOST

## HOUSE FILE 2179

S-5370

1 Amend House File 2179, as amended, passed, and  
2 reprinted by the House as follows:

3 1. Page 5, by inserting after line 27 the  
4 following:

5 "\_\_\_\_\_. A licensee shall pay its full-time employees  
6 at the gambling facility average cash compensation,  
7 which shall not include the cost of the licensee's  
8 contribution to retirement or health plans, equal to  
9 fifteen dollars per hour."

10 2. Page 8, by inserting after line 8 the  
11 following:

12 "Sec. \_\_\_\_\_. Section 99F.7, subsection 6, Code  
13 Supplement 1993, is amended by striking the subsection  
14 and inserting in lieu thereof the following:

15 6. A licensee shall pay its full-time employees at  
16 the gambling facility average cash compensation, which  
17 shall not include the cost of the licensee's  
18 contribution to retirement or health plans, equal to  
19 fifteen dollars per hour."

20 3. By renumbering as necessary.

By RAY TAYLOR

S-5370 FILED MARCH 30, 1994

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1 Sec. 2. Section 12.10, Code 1993, is amended to  
2 read as follows:

3 12.10 DEPOSITS BY STATE OFFICERS.

4 Except as otherwise provided, all elective and  
5 appointive state officers, boards, commissions, and  
6 departments shall, within ten days succeeding the  
7 collection, deposit with the treasurer of state, or to  
8 the credit of the treasurer of state in any depository  
9 designated by the treasurer of state, ninety percent  
10 of all fees, commissions, and moneys collected or  
11 received. The balance actually collected in cash,  
12 remaining in the hands of any officer, board, or  
13 department shall not exceed the sum of five thousand  
14 dollars and money collected shall not be held more  
15 than thirty days. This section does not apply to the  
16 state fair board, the state board of regents, the  
17 utilities board of the department of commerce, the  
18 director of the department of human services, or the  
19 Iowa finance authority ~~or to the funds received by the~~  
20 ~~state racing and gaming commission under sections~~  
21 ~~99B-7 and 99B-14.~~

22 Sec. 3. Section 21.2, subsection 1, paragraphs f  
23 and g, Code Supplement 1993, are amended by striking  
24 the paragraphs.

25 Sec. 4. Section 22.1, subsections 1 and 3, Code  
26 1993, are amended to read as follows:

27 1. The term "government body" means this state, or  
28 any county, city, township, school corporation,  
29 political subdivision, tax-supported district,  
30 nonprofit corporation ~~other than a county or district~~  
31 ~~fair or agricultural society, whose facilities or~~  
32 ~~indebtedness are supported in whole or in part with~~  
33 ~~property tax revenue and which is licensed to conduct~~  
34 ~~pari-mutuel wagering pursuant to chapter 99B,~~ or other  
35 entity of this state, or any branch, department,  
36 board, bureau, commission, council, committee,  
37 official or officer, of any of the foregoing or any  
38 employee delegated the responsibility for implementing  
39 the requirements of this chapter.

40 3. As used in this chapter, "public records"  
41 includes all records, documents, tape, or other  
42 information, stored or preserved in any medium, of or  
43 belonging to this state or any county, city, township,  
44 school corporation, political subdivision, nonprofit  
45 corporation ~~other than a county or district fair or~~  
46 ~~agricultural society, whose facilities or indebtedness~~  
47 ~~are supported in whole or in part with property tax~~  
48 ~~revenue and which is licensed to conduct pari-mutuel~~  
49 ~~wagering pursuant to chapter 99B,~~ or tax-supported  
50 district in this state, or any branch, department,

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1 board, bureau, commission, council, or committee of  
2 any of the foregoing.

3 "Public records" also includes all records relating  
4 to the investment of public funds including but not  
5 limited to investment policies, instructions, trading  
6 orders, or contracts, whether in the custody of the  
7 public body responsible for the public funds or a  
8 fiduciary or other third party.

9 Sec. 5. Section 99B.6, subsections 8 and 9, Code  
10 1993, are amended by striking the subsections.

11 Sec. 6. Section 99B.15, Code 1993, is amended to  
12 read as follows:

13 99B.15 APPLICABILITY OF CHAPTER.

14 It is the intent and purpose of this chapter to  
15 authorize gambling in this state only to the extent  
16 specifically permitted by a section of this chapter or  
17 chapter 99B~~7~~ 99E~~7~~-or-99F. Except as otherwise  
18 provided in this chapter, the knowing failure of any  
19 person to comply with the limitations imposed by this  
20 chapter constitutes unlawful gambling, a serious  
21 misdemeanor.

22 Sec. 7. Section 99E.10, subsection 1, paragraph a,  
23 unnumbered paragraph 2, Code Supplement 1993, is  
24 amended by striking the unnumbered paragraph.

25 Sec. 8. Section 123.30, subsection 3, paragraph d,  
26 subparagraph (1), Code Supplement 1993, is amended to  
27 read as follows:

28 (1) A class "D" liquor control license may be  
29 issued to a railway corporation, to an air common  
30 carrier, and to passenger-carrying boats or ships for  
31 hire with a capacity of twenty-five persons or more  
32 operating in inland or boundary waters, and shall  
33 authorize the holder to sell or furnish alcoholic  
34 beverages, wine, and beer to passengers for  
35 consumption only on trains, watercraft as described in  
36 this section, or aircraft, respectively. Each license  
37 is valid throughout the state. Only one license is  
38 required for all trains, watercraft, or aircraft  
39 operated in the state by the licensee. ~~However, if a~~  
40 ~~watercraft is an excursion gambling boat licensed~~  
41 ~~under chapter 99F~~7~~, the owner shall obtain a separate~~  
42 ~~class "D" liquor control license for each excursion~~  
43 ~~gambling boat operating in the waters of this state.~~

44 Sec. 9. Section 123.49, subsection 2, paragraph a,  
45 Code 1993, is amended to read as follows:

46 a. Knowingly permit any gambling, except in  
47 accordance with chapter 99B~~7~~-99D~~7~~ or 99E, or-99F~~7~~, or  
48 knowingly permit solicitation for immoral purposes, or  
49 immoral or disorderly conduct on the premises covered  
50 by the license or permit.

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1 Sec. 10. Section 422.16, subsection 1, unnumbered  
2 paragraph 4, Code 1993, is amended to read as follows:

3 For the purposes of this subsection, state income  
4 tax shall be withheld on winnings in excess of six  
5 hundred dollars derived from gambling activities  
6 authorized under chapter 99B or 99E. ~~State-income-tax  
7 shall-be-withheld-on-winnings-in-excess-of-one  
8 thousand-dollars-from-gambling-activities-authorized  
9 under-chapter-99B.--State-income-tax-shall-be-withheld  
10 on-winnings-in-excess-of-twelve-hundred-dollars  
11 derived-from-slot-machines-authorized-under-chapter  
12 99F.~~

13 Sec. 11. Section 537A.4, unnumbered paragraph 2,  
14 Code 1993, is amended to read as follows:

15 This section does not apply to a contract for the  
16 operation of or for the sale or rental of equipment  
17 for games of skill or games of chance, if both the  
18 contract and the games are in compliance with chapter  
19 99B. ~~This-section-does-not-apply-to-wagering-under  
20 the-pari-mutuel-method-of-wagering-authorized-by  
21 chapter-99B.~~ This section does not apply to the sale,  
22 purchase or redemption of a ticket or share in the  
23 state lottery in compliance with chapter 99E. ~~This  
24 section-does-not-apply-to-wagering-under-the-excursion  
25 boat-gambling-method-of-wagering-authorized-by-chapter  
26 99F.~~ This section does not apply to the sale,  
27 purchase, or redemption of any ticket or similar  
28 gambling device legally purchased in Indian lands  
29 within this state.

30 Sec. 12. Section 692.2, subsection 1, paragraph d,  
31 Code Supplement 1993, is amended by striking the  
32 paragraph.

33 Sec. 13. Section 725.7, subsection 1, unnumbered  
34 paragraph 1, Code 1993, is amended to read as follows:

35 Except as permitted in ~~chapters~~ chapter 99B and  
36 99D, a person shall not do any of the following:

37 Sec. 14. Section 725.13, Code 1993, is amended to  
38 read as follows:

39 725.13 DEFINITION OF BOOKMAKING.

40 "Bookmaking" means advancing gambling activity by  
41 accepting bets upon the outcome of future contingent  
42 events as a business other than as permitted in  
43 ~~chapters~~ chapter 99B, ~~99D,~~ and 99F. These events  
44 include, but are not limited to, the results of a  
45 trial or contest of skill, speed, power, or endurance  
46 of a person or beast or between persons, beasts, fowl,  
47 motor vehicles, or mechanical apparatus or upon the  
48 result of any chance, casualty, unknown, or contingent  
49 event.

50 Sec. 15. Section 725.15, Code 1993, is amended to

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1 read as follows:  
2 725.15 EXCEPTIONS FOR LEGAL GAMBLING.  
3 Sections 725.5 to 725.10 and 725.12 do not apply to  
4 a game, activity, ticket, or device when lawfully  
5 possessed, used, conducted, or participated in  
6 pursuant to chapter 99B, or 99E, or 99F.  
7 Sec. 16. EFFECTIVE DATE. This Act, being deemed  
8 of immediate importance, takes effect upon enactment."  
9 2. Title page, by striking lines 1 through 6 and  
10 inserting the following: "An Act relating to the  
11 discontinuation of pari-mutuel wagering and excursion  
12 boat gambling, providing for other properly related  
13 matters, and providing an effective date."

By ALBERT SORENSEN

S-5356 FILED MARCH 30, 1994

LOST

## HOUSE FILE 2179

S-5360

1 Amend House File 2179, as amended, passed, and re-  
2 printed by the House, as follows:  
3 1. Page 10, by inserting after line 29 the  
4 following:  
5 "Sec. \_\_\_\_ . Section 99F.11, Code 1993, is amended  
6 by adding the following new unnumbered paragraph:  
7 NEW UNNUMBERED PARAGRAPH. In addition to any other  
8 tax imposed, there is imposed a tax of six percent on  
9 the gross receipts from gambling games at racetrack  
10 enclosures of a track with horse racing. A tax credit  
11 of six percent of the gross receipts shall be granted  
12 to licensees having gambling games at racetrack  
13 enclosures of a track with horse racing to be paid  
14 into a special fund to be used for debt retirement.  
15 After the annual requirements for long-term  
16 indebtedness are met, the remaining tax credit shall  
17 be paid into an escrow account for future debt  
18 retirement."

By WILLIAM W. DIELEMAN

S-5360 FILED MARCH 30, 1994

LOST

## HOUSE FILE 2179

S-5361

1 Amend the amendment, S-5343, to House File 2179, as  
2 amended, passed, and reprinted by the House, as  
3 follows:  
4 1. Page 2, by striking lines 27 through 36 and  
5 inserting the following: "Supplement 1993, is amended  
6 by striking the subsection."

By WILLIAM W. DIELEMAN

S-5361 FILED MARCH 30, 1994

ADOPTED

## HOUSE FILE 2179

S-5352

- 1 Amend House File 2179, as amended, passed, and  
2 reprinted by the House, as follows:  
3 1. Page 11, by inserting after line 29 the  
4 following:  
5 "Sec. \_\_\_\_ . NEW SECTION. 99G.1 DEFINITIONS.  
6 As used in this chapter unless the context  
7 otherwise requires:  
8 1. "Administrator" means the commissioner  
9 appointed by the Iowa lottery board.  
10 2. "Associated equipment" means a proprietary  
11 device, machine or part used in the manufacture or  
12 maintenance of a video lottery machine, including but  
13 not limited to, integrated circuit chips, printed  
14 wired assembly, printed wired boards, printing  
15 mechanisms, video display monitors, and metering  
16 devices.  
17 3. "Commission" means the Iowa lottery board.  
18 4. "Credit" means twenty-five cents.  
19 5. "Division" means the lottery division of the  
20 department of revenue and finance.  
21 6. "Licensed premises" means licensed premises as  
22 defined in section 123.3, where alcoholic beverages  
23 are sold for consumption on the premises.  
24 7. "Major procurement" means a contract with a  
25 vendor directly involved in providing facilities,  
26 equipment, vouchers, and services unique to the video  
27 lottery, but not including materials, supplies,  
28 equipment, and services common to the ordinary  
29 operations of state agencies.  
30 8. "Net machine income" means money put into a  
31 video lottery machine minus money paid out in cash.  
32 9. "Video lottery" or "state video lottery" means  
33 a lottery operated pursuant to this chapter.  
34 10. "Video lottery machine" or "machine" means an  
35 electronic video game machine that, upon insertion of  
36 cash, is available to play or simulate the play of a  
37 video game, including but not limited to video poker,  
38 keno, and blackjack, authorized by the commission, and  
39 utilizes a video display and microprocessors in which  
40 the player may receive free games, credits, or tickets  
41 that can be redeemed for cash. The term does not  
42 include a machine that directly dispenses coins, cash,  
43 or tokens.  
44 11. "Video lottery machine distributor" or  
45 "distributor" means a person that distributes or sells  
46 video lottery machines or associated equipment in this  
47 state.  
48 12. "Video lottery machine establishment" or  
49 "establishment" means any establishment owned or  
50 managed by an individual, partnership, or corporation

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1 licensed to sell alcoholic beverages for consumption  
2 upon the premises as defined in section 123.3.

3 13. "Video lottery machine manufacturer" or  
4 "manufacturer" means a person that assembles or  
5 produces video lottery machines or associated  
6 equipment for sale or use in this state.

7 14. "Video lottery machine operator" or "operator"  
8 means a person that places video lottery machines or  
9 associated equipment for public use in this state.

10 15. "Service employee" means an employee of a  
11 video lottery machine operator certified by the  
12 division to perform service, maintenance, and repair  
13 on video lottery machines.

14 16. "Ticket" means any tangible evidence issued by  
15 the commission to prove participation in a video  
16 lottery game.

17 Sec. \_\_\_\_ . NEW SECTION. 99G.2 SCOPE OF  
18 PROVISIONS.

19 This chapter does not apply to bingo or games of  
20 skill or chance authorized under chapter 99B, to the  
21 pari-mutuel system of wagering used or intended to be  
22 used in connection with the racing of dogs or horses  
23 as authorized under chapter 99D, or to gambling games  
24 authorized for excursion gambling boats under chapter  
25 99F.

26 Sec. \_\_\_\_ . NEW SECTION. 99G.3 VIDEO LOTTERY  
27 AUTHORIZED.

28 The system of wagering through video lottery  
29 machines as provided in this chapter is legal when the  
30 wagering is conducted at authorized locations by a  
31 licensee as provided in this chapter.

32 Sec. \_\_\_\_ . NEW SECTION. 99G.4 POWERS AND DUTIES  
33 OF THE ADMINISTRATOR.

34 Subject to policies established and rules adopted  
35 by the commission, the administrator shall:

36 1. Supervise and administer the operation of the  
37 video lottery in accordance with this chapter.

38 2. Employ all other employees of the video  
39 lottery, subject to chapter 19A.

40 3. Enter into contracts for promotional services,  
41 data processing, and other technical products,  
42 equipment, and services, and facilities as needed to  
43 operate the video lottery including, but not limited  
44 to, tickets and other services involved in major  
45 procurements.

46 4. Contract with and license persons for the  
47 offering of video lottery games to the public.

48 5. Make demographic studies of video lottery  
49 players and studies of reactions of citizens to  
50 existing and potential features of the video lottery.

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- 1 6. Require video lottery operators and persons  
2 licensed pursuant to this chapter to furnish proof of  
3 financial stability or furnish surety in an amount  
4 based upon the expected volume of net machine income.
- 5 7. Provide for separate, distinct, and secure data  
6 processing facilities to be used for the reliable  
7 operation of the video lottery.
- 8 8. Examine, or cause to be examined by any agent  
9 or representative designated by the administrator, any  
10 books, papers, records, or memoranda of a video  
11 lottery operator or person licensed pursuant to this  
12 chapter for the purpose of ascertaining compliance  
13 with this chapter or any rule adopted pursuant to this  
14 chapter.
- 15 9. Issue subpoenas for the attendance of witnesses  
16 and subpoenas duces tecum to compel access to or for  
17 the production of books, papers, records, or memoranda  
18 in accordance with chapter 17A, or to compel the  
19 appearance of any of the licensee's employees, for the  
20 purpose of ascertaining compliance with this chapter  
21 or any rule adopted pursuant to this chapter.
- 22 10. Administer oaths and take depositions to the  
23 same extent and subject to the same limitations as  
24 would apply if the deposition was in aid of a civil  
25 action in the district court.
- 26 11. Impose civil penalties not to exceed ten  
27 thousand dollars for a first violation and fifteen  
28 thousand dollars for a second or subsequent violation  
29 of this chapter or any rule adopted pursuant to this  
30 chapter. The civil penalties shall be credited to the  
31 general fund of the state.
- 32 12. Make and keep books and records which  
33 accurately and fairly reflect each day's transactions,  
34 including but not limited to, the distribution and  
35 sale of tickets, receipts and expenses, and other  
36 financial transactions of the video lottery necessary  
37 to ensure accountability.
- 38 13. Make quarterly financial reports to the  
39 commission. The reports shall be based upon generally  
40 accepted accounting principles and include a full and  
41 complete statement of the video lottery's financial  
42 position and operations.
- 43 14. Make available for inspection by the  
44 commission, upon request, all books, records, files,  
45 and other information and documents of the video  
46 lottery.
- 47 15. Have an annual audit conducted of all accounts  
48 and transactions of the video lottery pursuant to  
49 chapter 11.
- 50 16. Prepare and submit budgets and proposals for

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1 the operation of the video lottery.

2 17. Operate the video lottery so that after the  
3 initial funding, it is self-sustaining and self-  
4 funded.

5 18. Include in printed promotional materials and  
6 information published the payback value of each credit  
7 for each video lottery game.

8 19. Make provision for the timely and efficient  
9 transfer of funds due from video lottery machine  
10 operators and persons licensed pursuant to this  
11 chapter to the general fund of the state.

12 20. If reasonably practical when the commission  
13 awards a contract or license pursuant to this chapter,  
14 the commission shall give preference to a responsible  
15 vendor, manufacturer, or distributor in this state if  
16 the costs and benefits to the commission are equal to  
17 those available from competing vendors manufacturers  
18 or distributors.

19 Sec. \_\_\_\_ . NEW SECTION. 99G.5 COMPETITIVE BIDDING  
20 PROCEDURES.

21 When entering into a contract pursuant to this  
22 chapter, the administrator shall use an open and  
23 competitive bid process which reflects the best  
24 interests of the state. The administrator shall  
25 consider all relevant factors including security,  
26 competence, experience, timely performance, and  
27 maximization of net revenues to the state. Contracts  
28 entered into pursuant to this chapter for major  
29 procurements are subject to the approval of the  
30 commission.

31 Sec. \_\_\_\_ . NEW SECTION. 99G.6 INVESTIGATION OF  
32 VIDEO LOTTERY VENDOR.

33 Subject to the approval of the commission, the  
34 administrator may enter into contracts for the  
35 operation and marketing of the video lottery, except  
36 that the commission may, by rule, designate classes of  
37 contracts other than major procurements which do not  
38 require prior approval by the commission. A major  
39 procurement shall be the result of competitive bidding  
40 with the contract being awarded to the responsible  
41 video lottery vendor submitting the lowest and best  
42 proposal. However, before a contract for a major  
43 procurement is awarded, the division of criminal  
44 investigation and bureau of identification of the  
45 department of public safety shall conduct a thorough  
46 background investigation of the video lottery vendor,  
47 any parent or subsidiary corporation of the video  
48 lottery vendor, all shareholders holding a five  
49 percent or greater interest in the video lottery  
50 vendor or in a parent or subsidiary corporation of the

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1 video lottery vendor, and all officers and directors  
2 of the video lottery vendor or a parent or subsidiary  
3 corporation of the video lottery vendor to whom the  
4 contract is to be awarded. The video lottery vendor  
5 shall submit to the division of criminal investigation  
6 and bureau of identification appropriate investigation  
7 authorizations to facilitate this investigation. A  
8 contract for a major procurement awarded or entered  
9 into by the administrator with an individual or  
10 business organization shall require the individual or  
11 business organization to establish a permanent office  
12 in this state.

13 Sec.     . NEW SECTION. 99G.7 LICENSE  
14 INVESTIGATION.

15 1. An applicant shall not be issued a license  
16 under section 99G.18 as a video lottery establishment,  
17 machine operator, distributor, or manufacturer, unless  
18 the person has completed and signed an application on  
19 the form prescribed and published by the commission.  
20 The application shall include the full name,  
21 residence, date of birth, and other personal  
22 identifying information of the applicant that the  
23 commission deems necessary. The application shall  
24 also indicate if the applicant has any of the  
25 following:

26 a. A record of conviction of a felony.

27 b. An addiction to alcohol or a controlled  
28 substance.

29 c. A history of mental illness.

30 d. A conviction of an offense involving gaming.

31 2. An applicant shall submit pictures,  
32 fingerprints, and descriptions of physical  
33 characteristics to the commission in the manner  
34 prescribed on the application form.

35 3. The commission shall charge the applicant a fee  
36 set by the department of public safety, division of  
37 criminal investigation and bureau of identification,  
38 to defray the costs associated with the search and  
39 classification of fingerprints required in subsection  
40 2 and background investigations conducted by agents of  
41 the division of criminal investigation and bureau of  
42 identification. This fee is in addition to any other  
43 license fee charged by the commission.

44 4. Before a license is granted, the division of  
45 criminal investigation and bureau of identification of  
46 the department of public safety shall conduct a  
47 thorough background investigation of an applicant for  
48 a license as a video lottery establishment, machine  
49 manufacturer, distributor, or operator. The applicant  
50 shall provide information on a form as required by the

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1 division of criminal investigation and bureau of  
2 identification.

3 5. An applicant who knowingly makes a false  
4 statement on the application is guilty of an  
5 aggravated misdemeanor.

6 6. For the purposes of this section, "applicant"  
7 includes each member of a partnership and the board of  
8 directors of a corporation.

9 7. a. A licensee shall consent to the search,  
10 without a warrant, by agents of the division of  
11 criminal investigation and bureau of identification of  
12 the department of public safety or commission  
13 employees designated by the commission, of the  
14 licensee's or holder's person, personal property and  
15 effects, and premises which are located in a licensed  
16 establishment or principal place of business or  
17 adjacent facilities under control of the licensee, in  
18 order to inspect or investigate for violations of this  
19 chapter or rules adopted by the commission pursuant to  
20 this chapter. The department or commission may also  
21 obtain administrative search warrants under section  
22 808.14.

23 b. However, this subsection does not permit a  
24 warrantless inspection of living quarters or sleeping  
25 rooms if all of the following are true:

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

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

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

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

40 Sec. \_\_\_\_ . NEW SECTION. 99G.8 VIDEO LOTTERY  
41 ESTABLISHMENTS -- CONTRACT FEE -- QUALIFICATIONS --  
42 INELIGIBILITY.

43 1. The administrator shall select as video lottery  
44 establishments persons who are licensed pursuant to  
45 section 123.3. A person lawfully engaged in  
46 nongovernmental business on state property may be  
47 selected as a video lottery establishment.

48 2. The administrator shall charge an application  
49 fee of twenty-five dollars to a person applying to  
50 become a video lottery establishment. All video

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1 lottery establishment contracts awarded under this  
2 chapter are renewable annually after issuance unless  
3 sooner canceled or terminated. A video lottery  
4 establishment contract awarded under this chapter is  
5 not transferable or assignable.

6 3. Each video lottery establishment shall be  
7 issued a video lottery establishment certificate which  
8 shall be conspicuously displayed at the place where  
9 the lottery establishment is authorized to conduct a  
10 video lottery. Video lottery machines may only be  
11 operated at the location stated on the video lottery  
12 establishment certificate.

13 4. To be selected as a video lottery  
14 establishment, or a video lottery machine distributor,  
15 manufacturer, or operator, a person acting as a sole  
16 proprietor shall meet all of the following  
17 qualifications:

18 a. Be at least twenty-one years of age.

19 b. Be of good character and reputation in the  
20 community.

21 c. Have sufficient financial resources to support  
22 the activities required to dispense or place and  
23 service video lottery machines.

24 d. Be current in payment of all taxes, interest,  
25 and penalties owed to the state of Iowa, excluding  
26 items under formal dispute or appeal pursuant to  
27 applicable statutes.

28 5. A person shall not be selected as a video  
29 lottery establishment, or machine distributor,  
30 manufacturer, or operator, if any of the following  
31 apply:

32 a. The person has been convicted of a felony in  
33 this or any other jurisdiction, unless at least ten  
34 years have passed since satisfactory completion of the  
35 sentence or probation imposed by the court for each  
36 felony.

37 b. The person has been found to have violated this  
38 chapter or a rule adopted pursuant to this chapter.

39 c. The person is a member of the immediate family  
40 of and resides with an employee of the commission or  
41 of a member of the commission.

42 d. The person has knowingly made a false statement  
43 of material fact to the commission.

44 6. For a partnership to be selected as a video  
45 lottery establishment or a video lottery machine  
46 distributor, manufacturer, or operator, the  
47 partnership must meet the requirements of subsections  
48 4 and 5.

49 7. For a corporation to be selected as a video  
50 lottery establishment or a video lottery machine

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1 distributor, manufacturer, or operator, the  
2 corporation must meet the requirements of subsection  
3 4, and each officer and director and each stockholder  
4 who owns ten percent or more of the stock of the  
5 corporation must meet the requirements of subsections  
6 4 and 5.

7 Sec. \_\_\_\_ . NEW SECTION. 99G.9 STATE VIDEO LOTTERY  
8 POLICY AND OPERATIONAL RULES.

9 1. The commission shall establish policies for the  
10 operation of the state video lottery and shall consult  
11 with and direct the administrator relating to the  
12 operation of the state video lottery. Major  
13 procurements recommended by the administrator are  
14 subject to the approval of the commission.

15 2. The commission shall adopt rules pursuant to  
16 chapter 17A governing the establishment and operation  
17 of a state video lottery as necessary to carry out the  
18 purposes of this chapter. The commission shall adopt  
19 rules concerning, but not limited to the following:

20 a. The types of video lottery games to be  
21 conducted as authorized pursuant to this chapter.

22 b. The manner of payment of prizes to the holders  
23 of winning tickets.

24 c. Additional qualifications for the selection of  
25 video lottery establishments, and video lottery  
26 machine distributors, manufacturers, or operators and  
27 the amount of application fees to be paid by each.

28 d. Deadlines for claims for winning tickets by  
29 winners of each video lottery game. However, a  
30 deadline shall not be for more than one year.

31 e. The mechanical and electronic specifications  
32 for each video lottery machine. At a minimum, each  
33 video lottery machine shall meet the requirements of  
34 section 99G.16.

35 f. Machine security testing and inspection  
36 procedures.

37 g. Liability for machine malfunction.

38 h. Machine maintenance and repair.

39 i. Financial responsibility required of persons  
40 licensed under this chapter.

41 j. Accounting procedures for net machine income.

42 k. Licensing procedures under this chapter.

43 l. Determination of the state's percentage of net  
44 machine income based on varying revenue schedules.

45 m. Other matters necessary or desirable for the  
46 efficient or economical operation of the video lottery  
47 or for the convenience of the public.

48 3. The commission shall maximize revenues to the  
49 state from net machine income. The commission shall  
50 establish the state's percentage of net machine income

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1 at twenty percent. However, beginning January 1,  
2 1997, the rate on the state's percentage of net  
3 machine income is twenty-two percent and shall  
4 increase each succeeding calendar year until the rate  
5 is thirty-six percent. The state's percentage of net  
6 machine income shall be directly deposited in the  
7 general fund of the state.

8 Sec. \_\_\_\_ . NEW SECTION. 99G.10 OPERATING AND  
9 PRIZE FUND.

10 A state video lottery operating fund is created  
11 within the state treasury, into which shall be  
12 deposited the state's share of proceeds from the  
13 operation of the video lottery, the initial start-up  
14 funding authorized by this chapter, interest received  
15 on moneys in the video lottery operating fund, and all  
16 other fees and moneys collected under this chapter.  
17 For the purposes of this section, "net proceeds" are  
18 the state's share from operation of video lottery  
19 machines. All moneys in the fund created by this  
20 section are appropriated for the purposes specified in  
21 this section. All funds received by the state video  
22 lottery shall be set forth in an informational budget  
23 and be annually reviewed by the general assembly. Any  
24 disbursement from the video lottery operating fund  
25 shall be by authorization of the administrator for any  
26 of the following purposes:

27 1. Expenses of the video lottery, which shall  
28 include the following: all costs incurred in the  
29 operation and administration of the state video  
30 lottery; all costs resulting from contracts entered  
31 into for the purchase or lease of goods and services  
32 needed for operation of the video lottery, including  
33 but not limited to, supplies, materials, vouchers,  
34 independent studies and surveys, data transmission,  
35 advertising, printing, promotion, incentives, public  
36 relations, communications, and reimbursement of costs  
37 of facilities and services provided by other state  
38 agencies.

39 2. Repayment of funds and interest advanced for  
40 the start-up of the video lottery.

41 3. Transfers of net revenues to the general fund  
42 of the state.

43 Sec. \_\_\_\_ . NEW SECTION. 99G.11 NET PROCEEDS TO  
44 STATE GENERAL FUND.

45 Net proceeds shall be transferred to the general  
46 fund of the state on an annual basis. The commission  
47 shall maximize the net proceeds to the state from the  
48 video lottery, which shall be transferred to the  
49 general fund of the state each fiscal year commencing  
50 July 1, 1994. Video lottery expenses incurred in a

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1 fiscal year for the video lottery shall not exceed the  
2 amount of net proceeds transferred to the general fund  
3 of the state. For purposes of this section, "net  
4 proceeds" are funds in the state video lottery  
5 operating fund which are not needed for the payment of  
6 video lottery expenses.

7 Sec. \_\_\_\_ . NEW SECTION. 99G.12 CONFLICTS OF  
8 INTEREST.

9 1. A member of the commission, employee of the  
10 state video lottery, or a person residing in the same  
11 household of a member or employee shall not directly  
12 or indirectly, individually, as a member of a  
13 partnership or other association, or as a stockholder,  
14 director, or officer of a corporation, have an  
15 interest in a business which contracts for the  
16 operation or promotion of the state video lottery.

17 2. A person contracting or seeking to contract  
18 with the state to supply materials, tickets, or  
19 consulting services for use in the state video lottery  
20 or from a video lottery establishment, person  
21 licensed, or an applicant for a contract or license  
22 under this chapter shall not offer, pay, give, or make  
23 an economic opportunity, gift, loan, gratuity, special  
24 discount, favor, hospitality, or service having an  
25 aggregate value of one hundred dollars or more in a  
26 year to a member of the commission or employee of the  
27 state video lottery, or to a person residing in the  
28 household of a member or employee.

29 Sec. \_\_\_\_ . NEW SECTION. 99G.13 PROHIBITED ACTS  
30 AND DEVICES.

31 1. A person convicted of violating this section is  
32 guilty of a serious misdemeanor on the first offense  
33 and a class "D" felony on the second or a subsequent  
34 offense.

35 2. A video lottery operator, employee of a video  
36 lottery operator, or any other person who knowingly  
37 permits or offers to permit a person who is under the  
38 age of twenty-one to play a video lottery machine is  
39 guilty of a serious misdemeanor on the first offense  
40 and a class "D" felony on the second or a subsequent  
41 offense. A ticket which is won by playing a video  
42 lottery machine may be given as a gift to a person  
43 under the age of twenty-one. A prize won by a person  
44 under the age of twenty-one from a ticket given as a  
45 gift shall be paid to the person's parent or legal  
46 guardian.

47 3. This section does not prohibit a video lottery  
48 operator or an employee of a video lottery  
49 establishment from purchasing tickets or from being  
50 paid a prize of a winning ticket.

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1 4. A person shall not have in the person's  
2 possession, custody, or control, or permit to be kept  
3 in a place under the person's possession or control, a  
4 device that manipulates credits and contains a  
5 circuit, meter, or switch capable of removing and  
6 recording the removal of credits. A violation of this  
7 subsection is a class "D" felony. All devices  
8 described in this subsection are declared to be public  
9 nuisances. This section does not apply to devices or  
10 electronic video game machines licensed pursuant to  
11 this chapter.

12 5. A person who, with intent to defraud, falsely  
13 makes, alters, forges, passes, or counterfeits a  
14 ticket issued by the state video lottery under this  
15 chapter is guilty of a class "D" felony.

16 6. A person who tampers with a video lottery  
17 machine with intent to interfere with the proper  
18 operation of the machine is guilty of a serious  
19 misdemeanor.

20 7. A person who with intent to manipulate the  
21 outcome, payoff, or operation of a video lottery  
22 machine, manipulates the outcome, payoff, or operation  
23 of a video lottery machine by physical tampering or  
24 any other means is guilty of a class "D" felony.

25 8. A person under the age of twenty-one years  
26 shall not play a video lottery machine licensed  
27 pursuant to this chapter. A video lottery machine  
28 licensed pursuant to this chapter shall not be played  
29 except during the legal hours of operation allowed for  
30 the on-sale consumption of alcoholic beverages. A  
31 violation of this section is a serious misdemeanor.

32 Sec. \_\_\_\_ . NEW SECTION. 99G.14 VIDEO LOTTERY  
33 MACHINES.

34 Each video lottery machine licensed under this  
35 chapter shall:

36 1. Offer only games licensed and authorized by the  
37 commission.

38 2. Not have any means of manipulation that affect  
39 the random probabilities of winning a video lottery  
40 game.

41 3. Have one or more mechanisms that accept coins  
42 or cash in the form of bills. The mechanisms shall be  
43 designed to prevent obtaining credits without paying  
44 by stringing, slamming, drilling, or other means. If  
45 attempts involve physical tampering, the machine shall  
46 suspend itself from operation until reset.

47 4. Have nonresettable meters housed in any readily  
48 accessible locked machine area that keep a permanent  
49 record of all cash inserted into the machine, all cash  
50 awards made by the machine's printer, credits played

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1 for video lottery games, and credits won by video  
2 lottery players.

3 5. Be capable of dispensing a ticket stating the  
4 value of the prize for the player at the completion of  
5 each video lottery game, the time of day in a twenty-  
6 four hour format showing hours and minutes, the date,  
7 the machine serial number, the sequential number of  
8 the tickets, and an encrypted validation number from  
9 which the validity of the prize may be determined.

10 6. Have accounting software that keeps an  
11 electronic record which includes, but is not limited  
12 to, total cash inserted into the machine, the value of  
13 cash tickets claimed by players, the total video  
14 lottery credits played and the total video lottery  
15 credits awarded by a video lottery game, and the  
16 payback percentage of credits played and credits won  
17 from each video lottery game.

18 7. Be linked under a central communications system  
19 to provide auditing program information as approved by  
20 the commission. The communications system shall be  
21 installed and operational before any video lottery  
22 machine is allowed to operate. The commission shall  
23 provide licensed manufacturers applying for licensure  
24 of video lottery machines the protocol documentation  
25 necessary to enable their machines to communicate with  
26 the commission's central computer in providing the  
27 auditing program information and controls approved by  
28 the commission. The communications system approved by  
29 the commission shall not limit participation to only  
30 one manufacturer of video lottery machines by either  
31 the cost in implementing the necessary program  
32 modifications to communicate or the inability to  
33 communicate with the central communications system.  
34 However, before any bidding process is initiated, the  
35 commission shall have approved at least two bidders  
36 for any procurement to be awarded. This section does  
37 not require a machine which only offers video lottery  
38 games to be on-line or in constant communication with  
39 a central computer. The video lottery machines shall  
40 be capable of reporting the functions and results of  
41 their operations as required by rule of the  
42 commission. Reports shall include, but are not  
43 limited to, the following data:

- 44 a. Total coins and bills accepted.
- 45 b. Total credits won.
- 46 c. Total credits played.
- 47 d. Total credits redeemed for cash.
- 48 e. Total credits canceled.
- 49 f. Payback percentage.
- 50 g. Machine number.

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1 h. Establishment number.  
2 i. Operator number.  
3 j. Poll date.  
4 k. State percentage.  
5 l. Number of times logic cage accessed.  
6 m. Number of times cash door accessed.  
7 8. Keep logic boards and software Eproms in  
8 separate, locked areas within the machine.  
9 9. Install a surge protector on the line that  
10 feeds power to the machine.  
11 10. Have a battery backup or the equivalent for  
12 electronic meters that is capable of maintaining  
13 accuracy of all information required for one hundred  
14 eighty days after power is discontinued from the  
15 machine.

16 Sec. \_\_\_\_ . NEW SECTION. 99G.15 LIMIT ON WAGER AND  
17 AWARD -- VIDEO LOTTERY MACHINES.  
18 A licensed video lottery machine shall not allow  
19 more than two dollars to be played on a game or award  
20 free games or credits in excess of the value of one  
21 hundred twenty-five dollars per credit value of  
22 twenty-five cents played. The payback value of one  
23 credit shall be at least eighty percent and not more  
24 than ninety-five percent of the value of the credit.

25 Sec. \_\_\_\_ . NEW SECTION. 99G.16 VIDEO LOTTERY  
26 MACHINE LICENSE -- PENALTY.  
27 Each video lottery machine shall be licensed by the  
28 administrator before placement or operation on the  
29 premises of a licensed establishment. Each machine  
30 shall have the license prominently displayed on it.  
31 Any machine which does not display the license  
32 required by this section is contraband and a public  
33 nuisance subject to confiscation by a law enforcement  
34 officer. A violation of this section is a class "D"  
35 felony.

36 Sec. \_\_\_\_ . NEW SECTION. 99G.17 VIDEO LOTTERY  
37 MACHINE EXAMINATION.  
38 The administrator shall examine prototypes of video  
39 lottery machines and associated equipment of  
40 manufacturers seeking a license as required in this  
41 chapter. The administrator shall require the  
42 manufacturer seeking the examination and approval of a  
43 video lottery machine or associated equipment to pay  
44 the anticipated actual costs of the examination in  
45 advance and, after the completion of the examination,  
46 shall refund overpayments or charge and collect  
47 amounts sufficient to reimburse the state video  
48 lottery for underpayments of actual costs. The  
49 administrator may contract for the examination of  
50 video lottery machines and associated equipment as

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1 required by this section.

2 Sec. \_\_\_\_ . NEW SECTION. 99G.18 VIDEO LOTTERY

3 MACHINE MANUFACTURER, DISTRIBUTOR, OPERATOR, AND  
4 ESTABLISHMENT LICENSE.

5 1. Each video lottery machine manufacturer,  
6 distributor, operator, and establishment shall be  
7 licensed by the administrator before a video lottery  
8 machine or associated equipment is manufactured,  
9 distributed, sold, or placed for public use in this  
10 state. The commission shall adopt, by rule, pursuant  
11 to chapter 17A, an annual fee for each license not to  
12 exceed the following:

13 a. Video lottery machine manufacturer -- five  
14 thousand dollars.

15 b. Video lottery machine distributor -- five  
16 thousand dollars.

17 c. Video lottery machine operator -- the greater  
18 of one thousand five hundred dollars or one hundred  
19 dollars per machine licensed.

20 d. Video lottery establishment -- one hundred  
21 dollars.

22 2. In addition to the annual license fees, the  
23 administrator may charge a one-time license  
24 application fee not to exceed fifty dollars. All fees  
25 collected pursuant to this section shall be deposited  
26 directly to the general fund of the state. All  
27 licenses issued by the administrator under this  
28 section are renewable annually unless sooner canceled  
29 or terminated. A license issued under this section is  
30 not transferable or assignable.

31 3. If the administrator is satisfied that this  
32 chapter and the rules adopted under this chapter  
33 applicable to licensees have been or will be complied  
34 with, the administrator shall issue a license for a  
35 period of not more than three years to an applicant.

36 Sec. \_\_\_\_ . NEW SECTION. 99G.19 MULTIPLE TYPES OF  
37 LICENSES PROHIBITED.

38 1. A video lottery machine manufacturer shall not  
39 be licensed as a video lottery machine distributor or  
40 operator, or own, manage, or control a licensed  
41 establishment.

42 2. A video lottery machine distributor shall not  
43 be licensed as a video lottery machine manufacturer or  
44 operator, or own, manage, or control a licensed  
45 establishment.

46 3. A video lottery machine operator shall not be  
47 licensed as a video lottery machine manufacturer or  
48 distributor, or own, manage, or control a licensed  
49 establishment.

50 4. An owner or manager of a licensed establishment

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1 shall not be licensed as a video lottery machine  
2 manufacturer, distributor, or operator.

3 Sec. \_\_\_\_ . NEW SECTION. 99G.20 SERVICE EMPLOYEE  
4 AND REQUIREMENTS.

5 Video lottery machines shall not be placed in  
6 operation in the state until training in the service  
7 and repair of those machines has been provided as  
8 follows:

9 1. A manufacturer or distributor shall provide  
10 training in the service and repair of its machine  
11 model approved by the administrator.

12 2. The manufacturer or distributor shall provide  
13 the training to the operator and its service employees  
14 and shall certify to the administrator that the  
15 required training has been completed.

16 3. Manufacturers or distributors must provide  
17 subsequent training programs to inform operators of  
18 new developments in the service and repair of their  
19 machines.

20 4. The manufacturer or distributor shall inform  
21 the administrator of the names of operators and  
22 service employees who attend and successfully complete  
23 each training program. The administrator shall issue  
24 a certificate to each person successfully completing  
25 the training program signifying that the person is  
26 certified to service and repair video lottery machines  
27 of the particular manufacturer and model.

28 5. The administrator shall provide, and the  
29 service employee shall personally possess while  
30 servicing or repairing video lottery machines,  
31 evidence of certification, and shall present the  
32 evidence to law enforcement officials at their  
33 request.

34 Sec. \_\_\_\_ . NEW SECTION. 99G.21 BACKGROUND  
35 INVESTIGATIONS OF VIDEO LOTTERY LICENSEES --  
36 ELIGIBILITY REQUIREMENTS.

37 Any person licensed as a video lottery machine  
38 manufacturer, distributor, operator, or establishment  
39 shall submit to a background investigation as provided  
40 in section 99G.7. This includes each partner of a  
41 partnership and each director and officer and all  
42 stockholders of ten percent or more in a parent or  
43 subsidiary corporation of a video lottery machine  
44 manufacturer, distributor, operator, or establishment.  
45 A video lottery machine manufacturer or distributor  
46 must meet the same requirements of section 99G.8,  
47 subsections 4 and 5. A video lottery machine operator  
48 must meet the same requirements of section 99G.8,  
49 subsections 4 and 5, in addition to being a resident  
50 of this state and, if a partnership or corporation,

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1 the majority of ownership interest must be held by  
2 residents of the state. A video lottery establishment  
3 must meet the same requirements of section 99G.8,  
4 subsections 4 and 5. The commission may adopt rules  
5 pursuant to chapter 17A to establish additional  
6 requirements to preserve the integrity and security of  
7 the video lottery.

8 Sec. \_\_\_\_ . NEW SECTION. 99G.22 PLACEMENT OF VIDEO  
9 LOTTERY MACHINES.

10 The placement of video lottery machines in licensed  
11 establishments is subject to the rules of the  
12 commission adopted pursuant to chapter 17A. Five  
13 video lottery machines is the maximum number which may  
14 be placed in one licensed establishment.

15 Sec. \_\_\_\_ . NEW SECTION. 99G.23 LOCATION PLACEMENT  
16 AGREEMENTS.

17 1. A licensed video lottery machine operator shall  
18 have a location placement agreement with the licensed  
19 establishment providing the following:

20 a. A designation of the location where the video  
21 lottery machine is to be placed for use by the public.

22 b. The share and revenue generated from net  
23 machine income to be apportioned to the operator and  
24 to the licensed establishment.

25 c. A requirement that the video lottery machine be  
26 located in the licensed establishment so that an  
27 employee of the establishment may observe the machine  
28 at all times the establishment is open to the public  
29 to assure that persons under twenty-one years of age  
30 do not play the machine.

31 2. A copy of the location agreement must be  
32 retained by the operator and the licensed  
33 establishment and be available for review and  
34 inspection by the administrator.

35 3. The location agreement may contain other terms  
36 and conditions to which the operator and licensed  
37 establishment lawfully agree.

38 Sec. \_\_\_\_ . NEW SECTION. 99G.24 VIDEO LOTTERY  
39 MACHINE INCOME -- PENALTY.

40 1. A licensed operator shall keep accurate records  
41 of the revenue generated from each video lottery  
42 machine. The director of revenue and finance shall  
43 prepare and mail to the licensed operator a statement  
44 reflecting the revenue due under section 99G.9 before  
45 the date payment is remitted through the electronic  
46 transfer of funds. A licensed operator shall report  
47 to the director of revenue and finance and the  
48 commission any discrepancies between the director's  
49 statement and each of its video lottery machines'  
50 mechanical and electronic meter readings. The

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1 director of revenue and finance and the commission are  
2 not responsible for resolving discrepancies between  
3 actual moneys collected and the amount shown on the  
4 accounting meters or billing statement. If a  
5 discrepancy occurs, the licensed operator shall submit  
6 to the director of revenue and finance and the  
7 commission the information including, but not limited  
8 to, current mechanical meter readings and the audit  
9 ticket that contains electronic meter readings  
10 generated by the video lottery machines' software as  
11 necessary to resolve the discrepancy.

12 2. A licensed operator shall remit to the director  
13 of revenue and finance the revenue required to be paid  
14 from income derived from the video lottery machines  
15 under section 99G.9 within seven days after the  
16 fifteenth day of each month and within seven days  
17 after the end of each month. If the fifteenth or last  
18 day of the month falls on a Saturday, remittance is  
19 due the preceding Friday.

20 3. A licensed operator shall remit to the director  
21 of revenue and finance the revenue required to be paid  
22 under section 99G.9 through the electronic transfer of  
23 funds. A licensed operator shall furnish to the  
24 director of revenue and finance all information and  
25 bank authorizations required to facilitate the timely  
26 payment of moneys to the director. A licensed  
27 operator shall provide the director of revenue and  
28 finance thirty days' advance notice of any proposed  
29 account changes to ensure the uninterrupted electronic  
30 transfer of funds.

31 4. A licensed operator shall maintain a balance in  
32 its account in an amount sufficient to cover the  
33 state's share of the revenue required to be paid under  
34 section 99G.9. Failure to maintain a balance in the  
35 account as required by this subsection shall result in  
36 the assessment of an interest penalty of one and one-  
37 half percent per month on the unpaid balance. Failure  
38 to remit full payment, including interest penalties,  
39 prior to the next payment date, may result in device  
40 disablement and preventing further play, license  
41 suspension or revocation, or the imposition of civil  
42 fines, in addition to other penalties as provided by  
43 law for nonpayment of moneys owed to the state.

44 5. A licensed operator shall mail and remit  
45 payment of the state's share of revenue required to be  
46 paid under section 99G.9 if one of the following  
47 events occur:

48 a. The electronic transfer of funds is not  
49 operational.

50 b. The video pull-tab machine is incapable of

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1 communicating with the central computer.  
2 c. Program modifications to the accounting  
3 software are necessitated due to recurring accounting  
4 discrepancies in the office of the director of revenue  
5 and finance. The director of revenue and finance  
6 shall notify a licensed operator when remittance by  
7 the method specified in this subsection is required.  
8 A licensed operator shall report the amount of the  
9 revenue per video machine and remit payment for the  
10 state's share of the revenue generated from the video  
11 lottery machine during the reporting period.

12 6. A video lottery machine operator who falsely  
13 reports or fails to report the amount due as required  
14 by this section is guilty of a class "D" felony.

15 Sec.         . NEW SECTION. 99G.25 COUNTY REFERENDUM.

16 1. A license to operate video lottery machines in  
17 a county shall be issued only if the county electorate  
18 approves the operation of the video lottery machines  
19 as provided in this subsection. The board of  
20 supervisors, upon receipt of a valid petition meeting  
21 the requirements of section 331.306, shall direct the  
22 commissioner of elections to submit to the qualified  
23 electors of the county a proposition to approve or  
24 disapprove the operation of video lottery machines in  
25 the county. The proposition shall be submitted at a  
26 general election or at a special election called for  
27 that purpose. To be submitted at a general election,  
28 the petition must be received by the board of  
29 supervisors at least five working days before the last  
30 day for candidates for county offices to file  
31 nomination papers for the general election pursuant to  
32 section 44.4. If a majority of the county voters  
33 voting on the proposition favor the operation of video  
34 lottery machines, the commission may issue one or more  
35 licenses as provided in this chapter. If a majority  
36 of the county voters voting on the proposition do not  
37 favor the operation of video lottery machines, a  
38 license to operate video lottery machines in the  
39 county shall not be issued. After a referendum has  
40 been held, another referendum requested by petition  
41 shall not be held for at least two years.

42 2. If licenses to operate video lottery machines  
43 are in effect pursuant to a referendum as set forth in  
44 this section and are subsequently disapproved by a  
45 referendum of the county electorate, the licenses  
46 issued by the commission shall remain valid and are  
47 subject to renewal for a total of nine years from the  
48 date of original issue unless the commission revokes a  
49 license at an earlier date as provided in this  
50 chapter.

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1 Sec. \_\_\_\_ . Section 22.7, Code Supplement 1993, is  
2 amended by adding the following new subsection:  
3 NEW SUBSECTION. 31. Applications, credit and  
4 security checks of video lottery operators, licensees,  
5 and persons seeking or doing business with the state  
6 video lottery, and marketing, financial, or sales  
7 data, the disclosure of which may be harmful to the  
8 competitive position of the state video lottery, its  
9 operators, licensees, or persons seeking or doing  
10 business with the state video lottery.

11 Sec. \_\_\_\_ . Section 99B.6, Code 1993, is amended by  
12 adding the following new subsection:

13 NEW SUBSECTION. 10. Video lottery vouchers may be  
14 sold and video lottery machines may be operated in an  
15 establishment that serves or sells alcoholic liquor,  
16 wine, or beer, for on-premises consumption as defined  
17 in section 123.3, if the vouchers or machines are sold  
18 or operated pursuant to chapter 99G and rules adopted  
19 under chapter 99G.

20 Sec. \_\_\_\_ . Section 725.15, Code 1993, is amended to  
21 read as follows:

22 725.15 EXCEPTIONS FOR LEGAL GAMBLING.

23 Sections 725.5 to 725.10 and 725.12 do not apply to  
24 a game, activity, ticket, or device when lawfully  
25 possessed, used, conducted, or participated in  
26 pursuant to chapter 99B, 99E, or 99F, or 99G."

27 2. Title page, by striking lines 1 and 2 and  
28 inserting the following: "An Act relating to the  
29 establishment and regulation of video lottery and  
30 video lottery machines by the Iowa lottery board, the  
31 regulation of gambling on excursion gambling boats and  
32 pari-mutuel racetracks by the state racing and gaming  
33 commission,".

34 3. By renumbering as necessary.

By JIM KERSTEN  
BERL E. PRIEBE

S-5352 FILED MARCH 30, 1994  
RULED OUT OF ORDER

## HOUSE FILE 2179

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1 Amend House File 2179, as amended, passed, and re-  
2 printed by the House, as follows:

3 1. Page 3, by inserting after line 8 the  
4 following:

5 "Sec. \_\_\_\_ . Section 99D.15, subsection 1,  
6 unnumbered paragraph 1, Code 1993, is amended to read  
7 as follows:

8 A tax of six percent is imposed on the gross sum  
9 wagered by the pari-mutuel method at each horse race  
10 meeting and each simultaneous telecast race. The tax  
11 imposed by this subsection shall be paid by the  
12 licensee to the commission within ten days after the  
13 close of each horse race meeting and shall be  
14 distributed as follows:

15 Sec. \_\_\_\_ . Section 99D.15, subsections 2 and 4,  
16 Code 1993, are amended to read as follows:

17 2. A tax credit of up to five percent of the gross  
18 sum wagered per year shall be granted to licensees  
19 licensed for horse races and paid into a special fund  
20 to be used for debt retirement ~~or-operating-expenses~~.  
21 However, the tax credit is equal to six percent of the  
22 gross sum wagered in a year when the gross sum wagered  
23 is less than ninety million dollars. Any portion of  
24 the credit not used in a particular year shall be  
25 retained by the commission. A tax credit shall first  
26 be assessed against any share going to a city, then to  
27 the share going to a county, and then to the share  
28 going to the state.

29 4. A tax of two percent is imposed on the gross  
30 sum wagered by the pari-mutuel method on ~~horse-races~~  
31 ~~and dog races~~ which are simultaneously telecast. The  
32 tax imposed by this subsection is in lieu of the taxes  
33 imposed pursuant to subsection ~~1-or~~ 3, but the tax  
34 ~~revenue from simulcast-horse-races shall be~~  
35 ~~distributed as provided in subsection 1 and the tax~~  
36 ~~revenue from simulcast dog races shall be distributed~~  
37 as provided in subsection 3."

By WILLIAM W. DIELEMAN

S-5353 FILED MARCH 30, 1994  
LOST



## HOUSE FILE 2179

S-5345

1 Amend House File 2179, as amended, passed, and  
2 reprinted by the House, as follows:  
3 1. Page 11, by inserting after line 29 the  
4 following:  
5 "Sec. \_\_\_\_ . NEW SECTION. 99F.19 GAMBLING  
6 FACILITIES CLOSURE JOB RETRAINING FUND AND COUNTY  
7 MENTAL HEALTH REIMBURSEMENT FUND CREATED -- GAMBLING  
8 REVENUE -- DISBURSEMENT.  
9 1. A gambling facilities closure job retraining  
10 fund is created in the state treasury. The gambling  
11 facilities closure job retraining fund shall be  
12 administered by the department of employment services  
13 to provide job retraining for employees who are  
14 displaced by the closures of gambling facilities  
15 licensed by the state. The department of employment  
16 services shall establish retraining programs by rules  
17 adopted pursuant to chapter 17A.  
18 2. A county mental health reimbursement fund is  
19 created in the state treasury. The county mental  
20 health reimbursement fund shall be administered by the  
21 department of revenue and finance. The proceeds of  
22 the fund shall be used to reimburse each county for  
23 costs incurred relating to mental health and, if the  
24 funds available to reimburse the counties are  
25 insufficient to reimburse all of the costs incurred,  
26 the reimbursements shall be apportioned by the  
27 director of revenue and finance among the counties  
28 according to the mental health costs paid by each  
29 county.  
30 3. For the fiscal year beginning July 1, 1995, and  
31 each subsequent fiscal year, notwithstanding sections  
32 99D.15 and 99F.11, fifty percent of all tax revenue  
33 received by the state pursuant to chapters 99D and 99F  
34 shall be credited to the gambling facilities closure  
35 job retraining fund and used for the purposes  
36 specified in subsection 1. The maximum balance in the  
37 gambling facilities closure job retraining fund during  
38 a fiscal year shall not exceed ten million dollars.  
39 Any balance in excess of ten million dollars accrued  
40 during a fiscal year shall be transferred to the  
41 county mental health reimbursement fund. The  
42 remaining fifty percent of the tax revenue received by  
43 the state pursuant to chapters 99D and 99F shall be  
44 credited to the county mental health reimbursement  
45 fund and used for the purposes specified in subsection  
46 2. Notwithstanding section 8.33, unencumbered and  
47 unobligated balances remaining in the gambling  
48 facilities closure job retraining fund and the county  
49 mental health reimbursement fund at the end of a  
50 fiscal year shall remain in the respective funds and

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Page 2

1 shall be used during the subsequent fiscal year for  
2 purposes specified in subsections 1 and 2."

By BRAD BANKS  
AL STURGEON

S-5345 FILED MARCH 30, 1994  
LOST

## HOUSE FILE 2179

S-5343

1 Amend House File 2179, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. By striking everything after the enacting  
4 clause and inserting the following:

5 "Section 1. Section 99B.6, subsection 1, paragraph  
6 k, Code 1993, is amended to read as follows:

7 k. ~~No~~ A person under the age of eighteen twenty-  
8 one years ~~may~~ shall not participate in the gambling  
9 except pursuant to sections 99B.3, 99B.4, 99B.5, and  
10 99B.7. Any licensee knowingly allowing a person under  
11 the age of eighteen twenty-one to participate in the  
12 gambling prohibited by this paragraph or any person  
13 knowingly participating in ~~such~~ gambling with a person  
14 under the age of eighteen twenty-one, shall-be is  
15 guilty of a simple misdemeanor.

16 Sec. 2. Section 99D.11, subsection 6, paragraph b,  
17 Code 1993, is amended to read as follows:

18 b. The commission may authorize the licensee to  
19 simultaneously telecast within the racetrack  
20 enclosure, for the purpose of pari-mutuel wagering, a  
21 horse or dog race licensed by the racing authority of  
22 another state. It is the responsibility of each  
23 licensee to obtain the consent of appropriate racing  
24 officials in other states as required by the federal  
25 Interstate Horseracing Act of 1978, 15 U.S.C. § 3001-  
26 3007, to televise races for the purpose of conducting  
27 pari-mutuel wagering. A licensee may also obtain the  
28 permission of a person licensed by the commission to  
29 conduct horse or dog races in this state to televise  
30 races conducted by that person for the purpose of  
31 conducting pari-mutuel racing. However, arrangements  
32 made by a licensee to televise any race for the  
33 purpose of conducting pari-mutuel wagering are subject  
34 to the approval of the commission, and the commission  
35 shall select the races to be televised. The races  
36 selected by the commission shall be the same for all  
37 licensees approved by the commission to televise races  
38 for the purpose of conducting pari-mutuel wagering.  
39 The commission shall not authorize the simultaneous  
40 telecast or televising of and a licensee shall not  
41 simultaneously telecast or televise any horse or dog  
42 race for the purpose of conducting pari-mutuel  
43 wagering unless the simultaneous telecast or  
44 televising is done at the racetrack of a licensee that  
45 schedules no less than ninety sixty performances of  
46 nine live races each day of the season. For purposes  
47 of the taxes imposed under this chapter, races  
48 televised by a licensee for purposes of pari-mutuel  
49 wagering shall be treated as if the races were held at  
50 the racetrack of the licensee.

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Page 2

1 Sec. 3. Section 99D.11, subsection 7, Code 1993,  
2 is amended to read as follows:

3 7. A person under the age of eighteen twenty-one  
4 years shall not make a pari-mutuel wager.

5 Sec. 4. Section 99D.24, subsection 2, Code 1993,  
6 is amended to read as follows:

7 2. A person knowingly permitting a person under  
8 the age of eighteen twenty-one years to make a pari-  
9 mutuel wager is guilty of a simple misdemeanor.

10 Sec. 5. Section 99E.18, subsection 2, Code 1993,  
11 is amended to read as follows:

12 2. A ticket or share shall not be sold to a person  
13 who has not reached the age of eighteen twenty-one.  
14 This does not prohibit the lawful purchase of a ticket  
15 or share for the purpose of making a gift to a person  
16 who has not reached the age of eighteen twenty-one. A  
17 licensee or a licensee's employee who knowingly sells  
18 or offers to sell a lottery ticket or share to a  
19 person who has not reached the age of eighteen twenty-  
20 one is guilty of a simple misdemeanor. In addition  
21 the license of a licensee shall be suspended. A prize  
22 won by a person who has not reached the age of  
23 eighteen twenty-one but who purchases a winning ticket  
24 or share in violation of this subsection shall be  
25 forfeited.

26 Sec. 6. Section 99F.4, subsection 4, Code  
27 Supplement 1993, is amended to read as follows:

28 4. ~~To regulate the wagering structure for gambling~~  
29 ~~excursions including providing a maximum wager of five~~  
30 ~~dollars per hand or play and maximum loss of two~~  
31 ~~hundred dollars per individual player per gambling~~  
32 ~~excursion~~ license the licensee of a pari-mutuel dog or  
33 horse racetrack enclosure subject to the provisions of  
34 this chapter and rules adopted pursuant to this  
35 chapter relating to gambling except as otherwise  
36 provided in section 99F.4A.

37 Sec. 7. Section 99F.9, subsection 2, Code 1993, is  
38 amended by striking the subsection.

39 Sec. 8. Section 99F.9, subsection 6, Code 1993, is  
40 amended to read as follows:

41 6. A person under the age of eighteen twenty-one  
42 years shall not make a wager on an excursion gambling  
43 boat and shall not be allowed in the area of the  
44 excursion boat where gambling is being conducted.  
45 However, a person eighteen years of age or older may  
46 be employed to work in a gambling area.

47 Sec. 9. Section 99F.15, subsection 2, Code 1993,  
48 is amended to read as follows:

49 2. A person knowingly permitting a person under  
50 the age of eighteen twenty-one years to make a wager

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1 is guilty of a simple misdemeanor.  
2 Sec. 10. EFFECTIVE DATE. This Act, being deemed  
3 of immediate importance, takes effect upon enactment."  
4 2. Title page, by striking lines 1 through 6 and  
5 inserting the following: "An Act increasing the  
6 minimum age for gambling to twenty-one years, reducing  
7 from ninety performances to sixty performances as the  
8 minimum number of performances for a racetrack to  
9 qualify for simultaneous telecast, and eliminating the  
10 five dollar and two hundred dollar limits that pertain  
11 to excursion boat gambling, and providing an effective  
12 date."

By COMMITTEE ON WAYS AND MEANS  
WILLIAM W. DIELEMAN, Chairperson

S-5343 FILED MARCH 30, 1994

LOST

## HOUSE FILE 2179

S-5341

1 Amend House File 2179, as amended, passed and  
2 reprinted by the House, as follows:  
3 1. Page 5, by inserting after line 27 the  
4 following:  
5 "\_\_\_\_. The commission shall limit the total number  
6 of gambling game machines authorized for each  
7 racetrack enclosure to five hundred."

By RAY TAYLOR

S-5341 FILED MARCH 30, 1994

LOST

## HOUSE FILE 2179

S-5344

1 Amend House File 2179, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. By striking everything after the enacting  
4 clause and inserting the following:

5 "Section 1. IOWA PARI-MUTUEL WAGERING AND  
6 EXCURSION BOAT GAMBLING DISCONTINUED -- DISPOSITION OF  
7 PROPERTY -- EMPLOYEES TRANSFERRED OR LAID OFF.

8 1. The state racing and gaming commission shall  
9 rescind all licenses issued pursuant to chapters 99D  
10 and 99F effective July 1, 1994. The commission shall  
11 provide for the termination of all contracts relating  
12 to pari-mutuel wagering and excursion boat gambling  
13 games extending beyond July 1, 1994, and provide for  
14 the disposition of all property leased or owned by the  
15 commission.

16 2. Any employee of the state racing and gaming  
17 commission employed pursuant to chapter 19A and whose  
18 duty assignment is terminated by this Act, may be  
19 transferred to other duties within the department of  
20 inspections and appeals, reassigned to other duties in  
21 another state department or agency, or terminated.  
22 The personnel commission shall adopt rules to carry  
23 out the transfer of employees under this Act and to  
24 carry out subsequent reclassification, reassignments,  
25 or terminations made necessary by this Act. The  
26 personnel commission shall arbitrate and decide a  
27 written appeal made by an employee concerning a  
28 transfer, reassignment, reclassification, or  
29 termination made necessary by this Act. An employee  
30 shall not lose benefits accrued, including but not  
31 limited to salary, retirement, vacation, or sick leave  
32 because of a transfer or reassignment.

33 3. The members of the state racing and gaming  
34 commission, the director, and any additional employees  
35 deemed necessary by the commission may continue  
36 employment on or after July 1, 1994, to provide for  
37 the orderly discontinuation of pari-mutuel wagering  
38 and excursion boat gambling games. However, not later  
39 than September 30, 1994, the terms of office of the  
40 commission members and the employment of the director  
41 and any other employees remaining on or after July 1,  
42 1994, shall terminate. Any matters regarding the  
43 termination of the pari-mutuel wagering or excursion  
44 boat gambling games established under chapter 99D or  
45 99F which remain on October 1, 1994, are the  
46 responsibility of the director of revenue and finance.  
47 The director of revenue and finance shall complete the  
48 discontinuation of pari-mutuel wagering and excursion  
49 boat gambling games as expeditiously as possible.

50 Sec. 2. Section 12.10, Code 1993, is amended to

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Page 2

1 read as follows:

2 12.10 DEPOSITS BY STATE OFFICERS.

3 Except as otherwise provided, all elective and  
4 appointive state officers, boards, commissions, and  
5 departments shall, within ten days succeeding the  
6 collection, deposit with the treasurer of state, or to  
7 the credit of the treasurer of state in any depository  
8 designated by the treasurer of state, ninety percent  
9 of all fees, commissions, and moneys collected or  
10 received. The balance actually collected in cash,  
11 remaining in the hands of any officer, board, or  
12 department shall not exceed the sum of five thousand  
13 dollars and money collected shall not be held more  
14 than thirty days. This section does not apply to the  
15 state fair board, the state board of regents, the  
16 utilities board of the department of commerce, the  
17 director of the department of human services, or the  
18 Iowa finance authority ~~or to the funds received by the~~  
19 ~~state racing and gaming commission under sections~~  
20 ~~99B:7 and 99B:14.~~

21 Sec. 3. Section 21.2, subsection 1, paragraphs f  
22 and g, Code Supplement 1993, are amended by striking  
23 the paragraphs.

24 Sec. 4. Section 22.1, subsections 1 and 3, Code  
25 1993, are amended to read as follows:

26 1. The term "government body" means this state, or  
27 any county, city, township, school corporation,  
28 political subdivision, tax-supported district,  
29 nonprofit corporation ~~other than a county or district~~  
30 ~~fair or agricultural society, whose facilities or~~  
31 ~~indebtedness are supported in whole or in part with~~  
32 ~~property tax revenue and which is licensed to conduct~~  
33 ~~pari-mutuel wagering pursuant to chapter 99B, or other~~  
34 entity of this state, or any branch, department,  
35 board, bureau, commission, council, committee,  
36 official or officer, of any of the foregoing or any  
37 employee delegated the responsibility for implementing  
38 the requirements of this chapter.

39 3. As used in this chapter, "public records"  
40 includes all records, documents, tape, or other  
41 information, stored or preserved in any medium, of or  
42 belonging to this state or any county, city, township,  
43 school corporation, political subdivision, nonprofit  
44 corporation ~~other than a county or district fair or~~  
45 ~~agricultural society, whose facilities or indebtedness~~  
46 ~~are supported in whole or in part with property tax~~  
47 ~~revenue and which is licensed to conduct pari-mutuel~~  
48 ~~wagering pursuant to chapter 99B, or tax-supported~~  
49 district in this state, or any branch, department,  
50 board, bureau, commission, council, or committee of

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Page 3

1 any of the foregoing.

2 "Public records" also includes all records relating  
3 to the investment of public funds including but not  
4 limited to investment policies, instructions, trading  
5 orders, or contracts, whether in the custody of the  
6 public body responsible for the public funds or a  
7 fiduciary or other third party.

8 Sec. 5. Section 99B.6, subsections 8 and 9, Code  
9 1993, are amended by striking the subsections.

10 Sec. 6. Section 99B.15, Code 1993, is amended to  
11 read as follows:

12 99B.15 APPLICABILITY OF CHAPTER.

13 It is the intent and purpose of this chapter to  
14 authorize gambling in this state only to the extent  
15 specifically permitted by a section of this chapter or  
16 chapter 99B~~7~~, 99E~~7~~-~~or~~-99F. Except as otherwise  
17 provided in this chapter, the knowing failure of any  
18 person to comply with the limitations imposed by this  
19 chapter constitutes unlawful gambling, a serious  
20 misdemeanor.

21 Sec. 7. Section 99E.10, subsection 1, paragraph a,  
22 unnumbered paragraph 2, Code Supplement 1993, is  
23 amended by striking the unnumbered paragraph.

24 Sec. 8. Section 123.30, subsection 3, paragraph d,  
25 subparagraph (1), Code Supplement 1993, is amended to  
26 read as follows:

27 (1) A class "D" liquor control license may be  
28 issued to a railway corporation, to an air common  
29 carrier, and to passenger-carrying boats or ships for  
30 hire with a capacity of twenty-five persons or more  
31 operating in inland or boundary waters, and shall  
32 authorize the holder to sell or furnish alcoholic  
33 beverages, wine, and beer to passengers for  
34 consumption only on trains, watercraft as described in  
35 this section, or aircraft, respectively. Each license  
36 is valid throughout the state. Only one license is  
37 required for all trains, watercraft, or aircraft  
38 operated in the state by the licensee. ~~However, if a~~  
39 ~~watercraft is an excursion gambling boat licensed~~  
40 ~~under chapter 99F, the owner shall obtain a separate~~  
41 ~~class "D" liquor control license for each excursion~~  
42 ~~gambling boat operating in the waters of this state.~~

43 Sec. 9. Section 123.49, subsection 2, paragraph a,  
44 Code 1993, is amended to read as follows:

45 a. Knowingly permit any gambling, except in  
46 accordance with chapter 99B~~7~~-99D~~7~~ or 99E, or 99F~~7~~ or  
47 knowingly permit solicitation for immoral purposes, or  
48 immoral or disorderly conduct on the premises covered  
49 by the license or permit.

50 Sec. 10. Section 422.16, subsection 1, unnumbered

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1 paragraph 4, Code 1993, is amended to read as follows:

2 For the purposes of this subsection, state income  
3 tax shall be withheld on winnings in excess of six  
4 hundred dollars derived from gambling activities  
5 authorized under chapter 99B or 99E. ~~State-income-tax  
6 shall-be-withheld-on-winnings-in-excess-of-one  
7 thousand-dollars-from-gambling-activities-authorized  
8 under-chapter-99B.--State-income-tax-shall-be-withheld  
9 on-winnings-in-excess-of-twelve-hundred-dollars  
10 derived-from-slot-machines-authorized-under-chapter  
11 99F.~~

12 Sec. 11. Section 537A.4, unnumbered paragraph 2,  
13 Code 1993, is amended to read as follows:

14 This section does not apply to a contract for the  
15 operation of or for the sale or rental of equipment  
16 for games of skill or games of chance, if both the  
17 contract and the games are in compliance with chapter  
18 99B. ~~This-section-does-not-apply-to-wagering-under  
19 the-pari-mutuel-method-of-wagering-authorized-by  
20 chapter-99B.~~ This section does not apply to the sale,  
21 purchase or redemption of a ticket or share in the  
22 state lottery in compliance with chapter 99E. ~~This  
23 section-does-not-apply-to-wagering-under-the-excursion  
24 boat-gambling-method-of-wagering-authorized-by-chapter  
25 99F.~~ This section does not apply to the sale,  
26 purchase, or redemption of any ticket or similar  
27 gambling device legally purchased in Indian lands  
28 within this state.

29 Sec. 12. Section 692.2, subsection 1, paragraph d,  
30 Code Supplement 1993, is amended by striking the  
31 paragraph.

32 Sec. 13. Section 725.7, subsection 1, unnumbered  
33 paragraph 1, Code 1993, is amended to read as follows:

34 Except as permitted in ~~chapters~~ chapter 99B and  
35 99D, a person shall not do any of the following:

36 Sec. 14. Section 725.13, Code 1993, is amended to  
37 read as follows:

38 725.13 DEFINITION OF BOOKMAKING.

39 "Bookmaking" means advancing gambling activity by  
40 accepting bets upon the outcome of future contingent  
41 events as a business other than as permitted in  
42 ~~chapters~~ chapter 99B, ~~99D, and 99F.~~ These events  
43 include, but are not limited to, the results of a  
44 trial or contest of skill, speed, power, or endurance  
45 of a person or beast or between persons, beasts, fowl,  
46 motor vehicles, or mechanical apparatus or upon the  
47 result of any chance, casualty, unknown, or contingent  
48 event.

49 Sec. 15. Section 725.15, Code 1993, is amended to  
50 read as follows:

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Page 5

1 725.15 EXCEPTIONS FOR LEGAL GAMBLING.  
2 Sections 725.5 to 725.10 and 725.12 do not apply to  
3 a game, activity, ticket, or device when lawfully  
4 possessed, used, conducted, or participated in  
5 pursuant to chapter 99B7 or 99E7-or-99F.  
6 Sec. 16. EFFECTIVE DATE. This Act, being deemed  
7 of immediate importance, takes effect upon enactment."  
8 2. Title page, by striking lines 1 through 6 and  
9 inserting the following: "An Act relating to the  
10 discontinuation of pari-mutuel wagering and excursion  
11 boat gambling, providing for other properly related  
12 matters, and providing an effective date."

By ALBERT SORENSEN

S-5344 FILED MARCH 30, 1994  
RULED OUT OF ORDER

Martin, Chair  
Cataldo  
Lundby  
Renaud  
Spenner

HSB 606

STATE GOVERNMENT

HOUSE FILE 2179

BY (PROPOSED COMMITTEE ON STATE  
GOVERNMENT BILL BY CHAIR-  
PERSON CARPENTER)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to the regulation of pari-mutuel racetracks by  
2 reducing the required number of live racing days and providing  
3 an effective date.

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

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1 Section 1. Section 99D.11, subsection 6, paragraph b, Code  
2 1993, is amended to read as follows:

3 b. The commission may authorize the licensee to  
4 simultaneously telecast within the racetrack enclosure, for  
5 the purpose of pari-mutuel wagering, a horse or dog race  
6 licensed by the racing authority of another state. It is the  
7 responsibility of each licensee to obtain the consent of  
8 appropriate racing officials in other states as required by  
9 the federal Interstate Horseracing Act of 1978, 15 U.S.C. §  
10 3001-3007, to televise races for the purpose of conducting  
11 pari-mutuel wagering. A licensee may also obtain the  
12 permission of a person licensed by the commission to conduct  
13 horse or dog races in this state to televise races conducted  
14 by that person for the purpose of conducting pari-mutuel  
15 racing. However, arrangements made by a licensee to televise  
16 any race for the purpose of conducting pari-mutuel wagering  
17 are subject to the approval of the commission, and the  
18 commission shall select the races to be televised. The races  
19 selected by the commission shall be the same for all licensees  
20 approved by the commission to televise races for the purpose  
21 of conducting pari-mutuel wagering. The commission shall not  
22 authorize the simultaneous telecast or televising of and a  
23 licensee shall not simultaneously telecast or televise any  
24 horse or dog race for the purpose of conducting pari-mutuel  
25 wagering unless the simultaneous telecast or televising is  
26 done at the racetrack of a licensee that schedules no less  
27 than ~~ninety~~ sixty performances of nine live races each day of  
28 the season. For purposes of the taxes imposed under this  
29 chapter, races televised by a licensee for purposes of pari-  
30 mutuel wagering shall be treated as if the races were held at  
31 the racetrack of the licensee.

32 Sec. 2. This Act, being deemed of immediate importance,  
33 takes effect upon enactment.

34 EXPLANATION

35 This bill reduces the required number of days of live

1 racing at pari-mutuel racetracks from 90 days to 60 days to  
2 qualify for simultaneous telecasting.

3 This bill, being deemed of immediate importance, takes  
4 effect upon enactment.

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HOUSE FILE 2179

AN ACT

RELATING TO GAMBLING AND THE REGULATION OF GAMBLING AT PARI-MUTUEL RACETRACKS AND ON EXCURSION GAMBLING BOATS, PROVIDING FOR A COUNTY REFERENDUM, IMPOSING A TAX, ALLOCATING GAMING REVENUES, PROVIDING AN EFFECTIVE DATE, PROVIDING FOR OTHER PROPERLY RELATED MATTERS, AND SUBJECTING VIOLATORS TO EXISTING PENALTIES.

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

Section 1. Section 99B.6, subsection 1, paragraph k, Code 1993, is amended to read as follows:

k. No A person under the age of eighteen twenty-one years may shall not participate in the gambling except pursuant to sections 99B.3, 99B.4, 99B.5, and 99B.7. Any licensee knowingly allowing a person under the age of eighteen twenty-one to participate in the gambling prohibited by this paragraph or any person knowingly participating in such gambling with a person under the age of eighteen twenty-one, ~~shall be~~ is guilty of a simple misdemeanor.

Sec. 2. Section 99D.9, subsection 1, Code 1993, is amended to read as follows:

1. If the commission is satisfied that its rules and sections 99D.8 through 99D.25 applicable to licensees have been or will be complied with, it may issue a license for a period of not more than three years. The commission may decide which types of racing it will permit. The commission may permit dog racing, horse racing of various types or both dog and horse racing. The commission shall decide the number, location, and type of all racetracks licensed under this chapter. The license shall set forth the name of the licensee, the type of license granted, the place where the race meeting is to be held, and the time and number of days

during which racing may be conducted by the licensee. The commission shall not approve the licenses for racetracks in Dubuque county and Black Hawk county if the proposed racing schedules of the two tracks conflict. The commission shall not approve a license application if any part of the racetrack is to be constructed on prime farmland outside the city limits of an incorporated city. As used in this subsection, "prime farmland" means as defined by the United States department of agriculture in 7 C.F.R. sec. 657.5(a). A license is not transferable or assignable. The commission may revoke any license issued for good cause upon reasonable notice and hearing. The commission shall conduct a neighborhood impact study to determine the impact of granting a license on the quality of life in neighborhoods adjacent to the proposed racetrack facility. The applicant for the license shall reimburse the commission for the costs incurred in making the study. A copy of the study shall be retained on file with the commission and shall be a public record. The study shall be completed before the commission may issue a license for the proposed facility.

Sec. 3. Section 99D.11, subsection 6, paragraph b, Code 1993, is amended to read as follows:

b. The commission may authorize the licensee to simultaneously telecast within the racetrack enclosure, for the purpose of pari-mutuel wagering, a horse or dog race licensed by the racing authority of another state. It is the responsibility of each licensee to obtain the consent of appropriate racing officials in other states as required by the federal Interstate Horseracing Act of 1978, 15 U.S.C. § 3001-3007, to televise races for the purpose of conducting pari-mutuel wagering. A licensee may also obtain the permission of a person licensed by the commission to conduct horse or dog races in this state to televise races conducted by that person for the purpose of conducting pari-mutuel racing. However, arrangements made by a licensee to televise

any race for the purpose of conducting pari-mutuel wagering are subject to the approval of the commission, and the commission shall select the races to be televised. The races selected by the commission shall be the same for all licensees approved by the commission to televise races for the purpose of conducting pari-mutuel wagering. The commission shall not authorize the simultaneous telecast or televising of and a licensee shall not simultaneously telecast or televise any horse or dog race for the purpose of conducting pari-mutuel wagering unless the simultaneous telecast or televising is done at the racetrack of a licensee that schedules no less than ninety sixty performances of nine live races each day of the season. For purposes of the taxes imposed under this chapter, races televised by a licensee for purposes of pari-mutuel wagering shall be treated as if the races were held at the racetrack of the licensee.

Sec. 4. Section 99D.11, subsection 7, Code 1993, is amended to read as follows:

7. A person under the age of eighteen twenty-one years shall not make a pari-mutuel wager.

Sec. 5. Section 99D.24, subsection 2, Code 1993, is amended to read as follows:

2. A person knowingly permitting a person under the age of eighteen twenty-one years to make a pari-mutuel wager is guilty of a simple misdemeanor.

Sec. 6. Section 99E.18, subsection 2, Code 1993, is amended to read as follows:

2. A ticket or share shall not be sold to a person who has not reached the age of eighteen twenty-one. This does not prohibit the lawful purchase of a ticket or share for the purpose of making a gift to a person who has not reached the age of eighteen twenty-one. A licensee or a licensee's employee who knowingly sells or offers to sell a lottery ticket or share to a person who has not reached the age of eighteen twenty-one is guilty of a simple misdemeanor. In

addition the license of a licensee shall be suspended. A prize won by a person who has not reached the age of eighteen twenty-one but who purchases a winning ticket or share in violation of this subsection shall be forfeited.

Sec. 7. Section 99F.1, subsections 8 and 15, Code 1993, are amended by striking the subsections.

Sec. 8. Section 99F.1, subsection 10, Code 1993, is amended to read as follows:

10. "Gambling game" means any game of chance authorized by the commission. However, for racetrack enclosures, "gambling game" does not include table games of chance or video machines. "Gambling game" does not include sports betting.

Sec. 9. Section 99F.1, Code 1993, is amended by adding the following new subsection:

NEW SUBSECTION. 17. "Racetrack enclosure" means the grandstand, clubhouse, turf club, or other areas of a licensed racetrack which an individual may enter only upon payment of an admission fee or upon presentation of authorized credentials. "Racetrack enclosure" also means any additional areas designated by the commission.

Sec. 10. Section 99F.4, subsection 4, Code Supplement 1993, is amended to read as follows:

~~4. To regulate-the-wagering-structure-for-gambling excursions-including-providing-a-maximum-wager-of-five-dollars per-hand-or-play-and-maximum-loss-of-two-hundred-dollars-per individual-player-per-gambling-excursion~~ license the licensee of a pari-mutuel dog or horse racetrack enclosure subject to the provisions of this chapter and rules adopted pursuant to this chapter relating to gambling except as otherwise provided in section 99F.4A.

Sec. 11. Section 99F.4, subsection 17, Code Supplement 1993, is amended to read as follows:

17. To define the excursion season and the duration of an excursion which shall be at least three hours during the excursion season. For the off-season, the commission shall

~~adopt-rules-limiting-times-of-admission-to-excursion-gambling boats-consistent-with-maximum-loss-per-player-per-gambling excursion-specified-in-subsection-4: While an excursion gambling boat is docked, passengers may embark or disembark at any time during its business hours.~~

Sec. 12. Section 99F.4, subsection 20, Code Supplement 1993, is amended by striking the subsection.

Sec. 13. NEW SECTION. 99F.4A GAMBLING GAMES AT PARI-MUTUEL RACETRACKS -- FEES AND TAXES.

1. Upon application, the commission shall license the licensee of a pari-mutuel dog or horse racetrack to operate gambling games at a pari-mutuel racetrack enclosure subject to the provisions of this chapter and rules adopted pursuant to this chapter relating to gambling except as otherwise provided in this section.

2. A license to operate gambling games shall be issued only to a licensee holding a valid license to conduct pari-mutuel dog or horse racing pursuant to chapter 99D on January 1, 1994.

3. A person holding a valid license pursuant to chapter 99D to conduct pari-mutuel wagering at a dog or horse racetrack is exempt from further investigation and examination for licensing to operate a gambling game pursuant to this chapter. However, the commission may order future investigations or examinations as the commission finds appropriate.

4. The fee imposed in section 99D.14, subsection 2, shall be collected for admission to a racetrack enclosure where gambling games are licensed to operate in lieu of the admission fee imposed in section 99F.10.

5. In lieu of the annual license fee specified in section 99F.5, the annual license fee for operating gambling games at a pari-mutuel racetrack shall be one thousand dollars.

6. The adjusted gross receipts received from gambling games shall be taxed at the same rates and the proceeds distributed in the same manner as provided in section 99F.11.

7. A licensee shall keep its books and records regarding the operation of gambling games in compliance with section 99F.12, as applicable.

Sec. 14. Section 99F.5, subsection 1, Code 1993, is amended to read as follows:

1. A qualified sponsoring organization may apply to the commission for a license to conduct gambling games on an excursion gambling boat as provided in this chapter. A person may apply to the commission for a license to operate an excursion gambling boat. The application shall be filed with the administrator of the commission at least ninety days before the first day of the next excursion season as determined by the commission, shall identify the excursion gambling boat upon which gambling games will be authorized, shall specify the exact location where the excursion gambling boat will be docked, and shall be in a form and contain information as the commission prescribes. The minimum passenger capacity of an excursion gambling boat is two hundred fifty persons.

Sec. 15. Section 99F.6, subsection 4, Code 1993, is amended to read as follows:

4. a. Before a license is granted, the division of criminal investigation of the department of public safety shall conduct a thorough background investigation of the applicant for a license to operate a gambling game operation on an excursion gambling boat. The applicant shall provide information on a form as required by the division of criminal investigation. Before a qualified sponsoring organization is licensed to operate gambling games under this chapter, the qualified sponsoring organization shall certify that the receipts of all gambling games, less reasonable expenses, charges, taxes, fees, and deductions allowed under this chapter, will be distributed as winnings to players or participants or will be distributed for educational, civic, public, charitable, patriotic, or religious uses as defined in



section 99B.7, subsection 3, paragraph "b". However, if a licensee who is also licensed to conduct pari-mutuel wagering at a horse racetrack has unpaid debt from the pari-mutuel racetrack operations, the first receipts of the gambling games operated within the racetrack enclosure less reasonable operating expenses, taxes, and fees allowed under this chapter shall be first used to pay the annual indebtedness. The commission shall authorize, subject to the debt payments for horse racetracks and the provisions of paragraph "b" for dog racetracks, a licensee who is also licensed to conduct pari-mutuel dog or horse racing to use receipts from gambling games within the racetrack enclosure to supplement purses for races particularly for Iowa-bred horses pursuant to an agreement which shall be negotiated between the licensee and representatives of the dog or horse owners. A qualified sponsoring organization shall not make a contribution to a candidate, political committee, candidate's committee, state statutory political committee, county statutory political committee, national political party, or fund-raising event as these terms are defined in section 56.2. The membership of the board of directors of a qualified sponsoring organization shall represent a broad interest of the communities.

b. The commission shall authorize the licensees of pari-mutuel dog racetracks located in Dubuque county and Black Hawk county to conduct gambling games as provided in section 99F.4A if the licensees schedule at least one hundred thirty performances of twelve live races each day during a season of twenty-five weeks. For the pari-mutuel dog racetrack located in Pottawattamie county, the commission shall authorize the licensee to conduct gambling games as provided in section 99F.4A if the licensee schedules at least two hundred ninety performances of twelve live races each day during a season of fifty weeks. The commission shall approve an annual contract to be negotiated between the annual recipient of the dog racing promotion fund and each dog racetrack licensee to

specify the percentage or amount of gambling game proceeds which shall be dedicated to supplement the purses of live dog races. The parties shall agree to a negotiation timetable to insure no interruption of business activity. If the parties fail to agree, the commission shall impose a timetable. If the two parties cannot reach agreement, each party shall select a representative and the two representatives shall select a third person to assist in negotiating an agreement. The two representatives may select the commission or one of its members to serve as the third party. Alternately, each party shall submit the name of the proposed third person to the commission who shall then select one of the two persons to serve as the third party. All parties to the negotiations, including the commission, shall consider that the dog racetracks were built to facilitate the development and promotion of Iowa greyhound racing dogs in this state and shall negotiate and decide accordingly.

Sec. 16. Section 99F.7, subsection 5, paragraph a, Code Supplement 1993, is amended by striking the paragraph.

Sec. 17. Section 99F.7, subsection 10, paragraph c, Code Supplement 1993, is amended to read as follows:

c. If, after ~~July 17, 1989~~ January 1, 1994, section 99F.4, subsection 4, or 99F.9, subsection 2, is amended or stricken, including any amending or striking by this Act, or a licensee of a pari-mutuel racetrack who held a valid license issued under chapter 99D as of January 1, 1994, requests a license to operate gambling games as provided in this chapter, the board of supervisors of a county in which excursion boat gambling has been approved or in which the licensee of a pari-mutuel racetrack requests a license to operate gambling games shall submit to the county electorate a proposition to approve or disapprove the conduct of gambling games on excursion gambling boats or the operation of gambling games at pari-mutuel racetracks at a special election at the earliest practicable time. If excursion boat gambling is not approved by a

majority of the county electorate voting on the proposition at the election, paragraph "b" does not apply to the licenses and the commission shall cancel the licenses issued for the county within sixty days of the unfavorable referendum. If the operation of gambling games at the pari-mutuel racetrack is not approved by a majority of the county electorate voting on the proposition at the election, the commission shall not issue a license to operate gambling games at the racetrack. If the proposition to operate gambling games on an excursion gambling boat or at a racetrack enclosure is approved by a majority of the county electorate voting on the proposition, the board of supervisors shall submit the same proposition to the county electorate at the general election held in 2002 and, unless the operation of gambling games is not terminated earlier as provided in this chapter or chapter 99D, at the general election held at each subsequent eight-year interval.

Sec. 18. Section 99F.7, Code Supplement 1993, is amended by adding the following new subsection:

NEW SUBSECTION. 16. The commission shall require each licensee operating gambling games to post in conspicuous locations specified by the commission the average percentage pay out from the gambling machines.

Sec. 19. Section 99F.9, subsection 2, Code 1993, is amended by striking the subsection.

Sec. 20. Section 99F.9, subsection 3, Code 1993, is amended to read as follows:

3. The licensee may receive wagers only from a person present on a licensed excursion gambling boat or in a licensed racetrack enclosure.

Sec. 21. Section 99F.9, subsection 4, Code 1993, is amended to read as follows:

4. The licensee shall exchange the money of each wagerer for tokens, chips, or other forms of credit to be wagered on the gambling games. However, nickels and quarters of legal tender may be used for wagering in lieu of tokens or other

forms of credit. The licensee shall exchange the gambling tokens, chips, or other forms of wagering credit for money at the request of the wagerer.

Sec. 22. Section 99F.9, subsections 5 and 7, Code 1993, are amended by striking the subsections.

Sec. 23. Section 99F.9, subsection 6, Code 1993, is amended to read as follows:

6. A person under the age of eighteen twenty-one years shall not make a wager on an excursion gambling boat and shall not be allowed in the area of the excursion boat where gambling is being conducted. However, a person eighteen years of age or older may be employed to work in a gambling area.

Sec. 24. Section 99F.9, Code 1993, is amended by adding the following new subsection:

NEW SUBSECTION. 8. A licensee shall not accept a credit card as defined in section 537.1301, subsection 16, to purchase coins, tokens, or other forms of credit to be wagered on gambling games.

Sec. 25. Section 99F.11, unnumbered paragraph 1, Code 1993, is amended to read as follows:

A tax is imposed on the adjusted gross receipts received annually from gambling games authorized under this chapter at the rate of five percent on the first one million dollars of adjusted gross receipts, at the rate of ten percent on the next two million dollars of adjusted gross receipts, and at the rate of twenty percent on any amount of adjusted gross receipts over three million dollars. However, beginning January 1, 1997, the rate on any amount of adjusted gross receipts over three million dollars from gambling games at racetrack enclosures is twenty-two percent and shall increase by two percent each succeeding calendar year until the rate is thirty-six percent. The taxes imposed by this section shall be paid by the licensee to the treasurer of state within ten days after the close of the day when the wagers were made and shall be distributed as follows:

Sec. 26. Section 99F.11, subsection 3, Code 1993, is amended to read as follows:

3. ~~Three~~ Five percent of the adjusted gross receipts shall be deposited in the gamblers assistance fund specified in section 99E.10, subsection 1, paragraph "a".

Sec. 27. Section 99F.15, subsection 2, Code 1993, is amended to read as follows:

2. A person knowingly permitting a person under the age of eighteen twenty-one years to make a wager is guilty of a simple misdemeanor.

Sec. 28. Section 99F.15, subsection 3, Code 1993, is amended to read as follows:

3. A person wagering or accepting a wager at any location outside the an excursion gambling boat or a racetrack enclosure is in violation of section 725.7.

Sec. 29. Section 99F.16, subsection 2, Code 1993, is amended to read as follows:

2. ~~All~~ Except for coins authorized in section 99F.9, subsection 4, all moneys, coin, and currency found in close proximity of wagers, or of records of wagers are presumed forfeited. The burden of proof is upon the claimant of the property to rebut this presumption.

Sec. 30. ADDITIONAL GAMBLING REVENUE. For the fiscal year beginning July 1, 1994, and ending June 30, 1995, fifty percent of the gambling revenue received by the state pursuant to chapters 99D and 99F in excess of \$11,100,000 shall be credited to the cash reserve fund created in section 8.56. However, of the additional tax revenue received pursuant to this section, the first \$299,369 shall be paid to the department of public safety and used for the salaries, support, maintenance, and miscellaneous purposes of five full-time equivalent pari-mutuel law enforcement agents, including the state's contribution to the peace officers' retirement, accident, and liability system provided in chapter 97A in the amount of eighteen percent of the officers' salaries.

However, the portion of the additional tax revenue received for the gamblers assistance fund shall be used by the department of human services to fund a coordinator and additional staff as needed to develop educational prevention programs and treatment programs for addicted gamblers.

Sec. 31. This Act, being deemed of immediate importance, takes effect upon enactment.

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HAROLD VAN MAANEN  
Speaker of the House

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LEONARD L. BOSWELL  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2179, Seventy-fifth General Assembly.

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ELIZABETH ISAACSON  
Chief Clerk of the House

Approved *[Signature]* March 31, 1994

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TERRY E. BRANSTAD  
Governor