

1-P-96 State Gov.
1-29-96 Do Pass

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FILED JAN 8 1996

SENATE FILE 2012
BY SZYMONIAK and KRAMER

Passed Senate, Date ^(P.817) 3/18/96 Passed House, Date ^(P.1301) 4/2/96
Vote: Ayes 35 Nays 14 Vote: Ayes 71 Nays 25
Approved 4-18-96

A BILL FOR

1 An Act relating to the conduct of raffles.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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RECEIVED

1 Section 1. Section 99B.5, subsection 1, paragraph g, Code
2 1995, is amended to read as follows:

3 g. The actual retail value of any prize does not exceed
4 fifty dollars. If a prize consists of more than one item,
5 unit, or part, the aggregate retail value of all items, units,
6 or parts shall not exceed fifty dollars. However, either a
7 fair sponsor or a qualified organization, but not both, may
8 hold one raffle per calendar year at which prizes having a
9 combined value ~~not-greater-than-twenty-thousand~~ of more than
10 fifty dollars may be offered. If the prize is merchandise,
11 its value shall be determined by the purchase price paid by
12 the fair sponsor or qualified organization.

13 Sec. 2. Section 99B.5, subsection 1, Code 1995, is amended
14 by adding the following new paragraph:

15 NEW PARAGRAPH. i. An annual raffle prize authorized under
16 paragraph "g" may be cash, merchandise, or real property, or
17 two or more of these items.

18 Sec. 3. Section 99B.7, subsection 1, paragraph d, Code
19 1995, is amended to read as follows:

20 d. Cash prizes shall not be awarded in games other than
21 bingo and raffles. The value of a prize shall not exceed
22 fifty dollars ~~and-merchandise-prizes-shall-not-be-repurchased.~~
23 If a prize consists of more than one item, unit, or part, the
24 aggregate value of all items, units, or parts shall not exceed
25 fifty dollars. However, one raffle may be conducted per
26 calendar year at which prizes having a combined value ~~not~~
27 ~~greater-than-twenty-thousand~~ of more than fifty dollars may be
28 awarded. If the prize is merchandise, its value shall be
29 determined by purchase price paid by the organization or
30 donor. Such an annual raffle prize may consist of cash,
31 merchandise, or real property or two or more of these items.

32 EXPLANATION

33 Under current law, the value of a raffle prize shall not
34 exceed \$50 and the price of a raffle ticket shall not exceed
35 \$1. However, one raffle per year may have one or more prizes

1 with a total value of not more than \$20,000 and the raffle
2 ticket price may exceed \$1.

3 This bill removes the restrictions on the maximum value of
4 an annual raffle prize. Also, the annual raffle prize may be
5 cash, merchandise, or real property or a combination of these
6 items.

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**SENATE FILE 2012
FISCAL NOTE**

A fiscal note for Senate File 2012 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.

Senate File 2012 removes restrictions on the maximum value of an annual raffle prize. The Bill also states that a raffle prize may be cash, merchandise, real property, or a combination of these items.

ASSUMPTIONS

1. The fiscal impact consists of increased sales tax from higher prize values and increased staff and support costs for special audits of real property raffles.
2. The number of large real property raffles that would take place upon enactment of this Bill cannot be determined.
3. All real property raffles exceeding \$20,000 would require a special audit. Staff time and support estimates are based on the Department of Inspections and Appeals experience with similar large real property raffles handled by the Department in the past.

FISCAL IMPACT

The net fiscal impact of SF 2012 cannot be determined. Examples of estimates for two raffles and 12 raffles are provided below.

Example 1 (2 Raffles):

Revenue

Prize Value	\$ 200,000 (est. price value per raffle=\$100,000)
Total Proceeds	\$ 600,000 (ticket sales at 3 x the prize value)
Sales Tax Revenue	\$ 30,000 (\$600,000 x 0.5)

Expenses

Audit Time Per Raffle	80 (hours per audit)
Audit Expense	\$ 2,400 (salary & support)

Summary

Sales Tax Revenues	\$ 30,000
Expenditures	-2,400
General Fund Increase	\$ 27,600

PAGE 2 , FISCAL NOTE, SENATE FILE 2012

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Example 2 (12 Raffles):

Revenue

Prize Value	\$1,200,000 (est. prize value per raffle = \$100,000)
Total Proceeds	\$3,600,000 (sales at 3 x the prize value)
Sales Tax Increase	\$ 180,000 (\$3,600,000 x 0.5)

Expenses

Audit Time Per Raffle	80 (hours per audit)
Audit Expense	\$ 14,400 (salary and support)

Summary

Sales Tax Revenue	\$ 180,000
Expenditures	\$ -14,000
Net General Fund Increase	<u>\$ 165,600</u>

SOURCE

Department of Inspections and Appeals

(LSB 3062ss, LDC)

FILED MARCH 7, 1996

BY DENNIS PROUTY, FISCAL DIRECTOR

SENATE FILE 2012

S-5152

1 Amend Senate File 2012 as follows:

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

4 "Section 1. REAL PROPERTY RAFFLE AUTHORIZED --
5 TEMPORARY.

6 1.. Notwithstanding a contrary provision of section
7 99B.7, upon application and payment of a fee of one
8 hundred dollars, the department of inspections and
9 appeals shall issue a raffle license to a tax-exempt,
10 nonprofit, charitable organization for the purpose of
11 raffling a parcel of real property which was acquired
12 as a gift by the organization. The license shall
13 allow the conducting of a raffle for not more than
14 nine months during the calendar years 1996 and 1997.
15 The license to conduct the real estate raffle shall be
16 purchased within ten days after the effective date of
17 this Act. The value of the parcel of real property to
18 be raffled may exceed twenty thousand dollars and the
19 cost to participate in the raffle may exceed one
20 dollar for each participant.

21 2. The licensee shall meet all other requirements
22 for licensees under section 99B.2 and 99B.7. In
23 addition, the licensee shall keep the receipts from
24 the raffle in a separate financial account and shall
25 file a cumulative report for the raffle by July 1,
26 1997, with the department of inspections and appeals
27 in a form determined by the department.

28 3. The department of inspections and appeals shall
29 conduct a special audit of the raffle by July 15,
30 1997, to verify compliance with the appropriate
31 requirements of chapter 99B and this Act, except as
32 otherwise provided in this Act. The department of
33 inspections and appeals shall file a copy of the audit
34 report with the governor and the general assembly on
35 or before July 30, 1997.

36 Sec. 2. EFFECTIVE DATE. This Act, being deemed of
37 immediate importance, takes effect upon enactment.

38 Sec. 3. REPEALER. This Act is repealed effective
39 July 30, 1997."

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

By ROD HALVORSON

S-5152 FILED FEBRUARY 29, 1996

Out of Order

3/18/96

(P. 816)

SENATE FILE 2012

S-5138

1 Amend Senate File 2012 as follows:

2 1. Page 1, by striking lines 9 and 10 and
3 inserting the following: "combined value not greater
4 than twenty one hundred thousand dollars may be
5 offered. The cost of each ticket for an annual raffle
6 shall not exceed twenty-five dollars. If the prize is
7 merchandise,".

8 2. Page 1, by striking lines 26 and 27 and
9 inserting the following: "calendar year at which
10 prizes having a combined value not greater than twenty
11 one hundred thousand dollars may be".

12 3. Page 1, line 28, by inserting after the word
13 "awarded." the following: "The cost of each ticket
14 for an annual raffle shall not exceed twenty-five
15 dollars."

By ROD HALVORSON

S-5138 FILED FEBRUARY 28, 1996
LOST (R 505)

S-5366

1 Amend Senate File 2012 as follows:

2 1. By striking everything after the enacting
3 clause and inserting in lieu thereof the following:

4 "Section 1. Section 99B.5, subsection 1, paragraph
5 g, Code 1995, is amended by striking the paragraph and
6 inserting in lieu thereof the following:

7 g. The actual retail value of any prize does not
8 exceed two hundred dollars. If a prize consists of
9 more than one item, unit, or part, the aggregate
10 retail value of all items, units, or parts shall not
11 exceed two hundred dollars. However, either a fair
12 sponsor or a qualified organization, but not both, may
13 hold one raffle per calendar year at which prizes
14 having a combined value not greater than thirty
15 thousand dollars may be offered. If the prize is
16 merchandise, its value shall be determined by the
17 purchase price paid by the fair sponsor or qualified
18 organization.

19 Sec. 2. Section 99B.5, Code 1995, is amended by
20 adding the following new subsections:

21 NEW SUBSECTION. 3. A licensee under this section
22 may hold one real property raffle per calendar year at
23 which the value of the real property may exceed twenty
24 thousand dollars in lieu of the annual raffle
25 authorized in subsection 1, paragraph "g", if all of
26 the following requirements are met:

27 a. The licensee has submitted the special real
28 property raffle license application and a fee of one
29 hundred dollars to the department, has been issued a
30 license, and prominently displays the license at the
31 drawing area of the raffle.

32 b. The real property was acquired by gift or
33 donation or has been owned by the licensee for a
34 period of at least five years.

35 c. All other requirements of this section and
36 section 99B.2 are met, except that the cost to
37 participate in the raffle may exceed one dollar for
38 each participant.

39 d. Receipts from the raffle are kept in a separate
40 financial account.

41 e. A cumulative report for the raffle on a form
42 determined by the department and one percent of the
43 gross receipts are submitted to the department within
44 sixty days of the raffle drawing. The one percent of
45 the gross receipts shall be retained by the department
46 to pay for the cost of the special audit.

47 NEW SUBSECTION. 4. For each real property raffle
48 license issued, the department shall conduct a special
49 audit of the raffle to verify compliance with the
50 appropriate requirements of this chapter.

S-5366

S-5366

Page 2

1 Sec. 3. Section 99B.7, subsection 1, paragraph d,
2 Code 1995, is amended by striking the paragraph and
3 inserting in lieu thereof the following:

4 d. Cash prizes shall not be awarded in games other
5 than bingo and raffles. The value of a prize shall
6 not exceed two hundred dollars and merchandise prizes
7 shall not be repurchased. If a prize consists of more
8 than one item, unit, or part, the aggregate value of
9 all items, units, or parts shall not exceed two
10 hundred dollars. However, one raffle may be conducted
11 per calendar year at which prizes having a combined
12 value not greater than thirty thousand dollars may be
13 awarded. If the prize is merchandise, its value shall
14 be determined by purchase price paid by the
15 organization or donor.

16 Sec. 4. Section 99B.7, subsection 1, Code 1995, is
17 amended by adding the following new paragraphs:

18 NEW PARAGRAPH. q. A licensee under this section
19 may hold one real property raffle per calendar year at
20 which the value of the real property may exceed twenty
21 thousand dollars in lieu of the annual raffle
22 authorized in subsection 1, paragraph "d", if all of
23 the following requirements are met:

24 (1) The licensee has submitted the special real
25 property raffle property license application and a fee
26 of one hundred dollars to the department, has been
27 issued a license, and prominently displays the license
28 at the drawing area of the raffle.

29 (2) The real property was acquired by gift or
30 donation or has been owned by the licensee for a
31 period of at least five years.

32 (3) All other requirements of this section and
33 section 99B.2 are met, except that the cost to
34 participate in the raffle may exceed one dollar for
35 each participant.

36 (4) Receipts from the raffle are kept in a
37 separate financial account.

38 (5) A cumulative report for the raffle on a form
39 determined by the department and one percent of the
40 gross receipts are submitted to the department within
41 sixty days of the raffle drawing. The one percent of
42 the gross receipts shall be retained by the department
43 to pay for the cost of the special audit.

44 NEW PARAGRAPH. r. For each real property license
45 issued, the department shall conduct a special audit
46 of the raffle to verify compliance with the
47 appropriate requirements of this chapter."

By TONY BISIGNANO

S-5366 FILED MARCH 18, 1996

ADOPTED

(P. 816) 3/18/96

H. 3/19/96 State Law
H- 3/21/96 Do Pass

SENATE FILE **2012**
BY SZYMONIAK and KRAMER

(AS AMENDED AND PASSED BY THE SENATE MARCH 18, 1996)
ALL New Language by the Senate

Re Passed Senate, Date 4/3/96 (p. 129) Passed House, Date 4/2/96
Vote: Ayes 34 Nays 16 Vote: Ayes 71 Nays 25
Approved 4-18-96

A BILL FOR

1 An Act relating to the conduct of raffles.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. 2012

1 Section 1. Section 99B.5, subsection 1, paragraph g, Code
2 1995, is amended by striking the paragraph and inserting in
3 lieu thereof the following:

4 g. The actual retail value of any prize does not exceed
5 two hundred dollars. If a prize consists of more than one
6 item, unit, or part, the aggregate retail value of all items,
7 units, or parts shall not exceed two hundred dollars.

8 However, either a fair sponsor or a qualified organization,
9 but not both, may hold one raffle per calendar year at which
10 prizes having a combined value not greater than thirty
11 thousand dollars may be offered. If the prize is merchandise,
12 its value shall be determined by the purchase price paid by
13 the fair sponsor or qualified organization.

14 Sec. 2. Section 99B.5, Code 1995, is amended by adding the
15 following new subsections:

16 NEW SUBSECTION. 3. A licensee under this section may hold
17 one real property raffle per calendar year at which the value
18 of the real property may exceed twenty thousand dollars in
19 lieu of the annual raffle authorized in subsection 1,
20 paragraph "g", if all of the following requirements are met:

21 a. The licensee has submitted the special real property
22 raffle license application and a fee of one hundred dollars to
23 the department, has been issued a license, and prominently
24 displays the license at the drawing area of the raffle.

25 b. The real property was acquired by gift or donation or
26 has been owned by the licensee for a period of at least five
27 years.

28 c. All other requirements of this section and section
29 99B.2 are met, except that the cost to participate in the
30 raffle may exceed one dollar for each participant.

31 d. Receipts from the raffle are kept in a separate
32 financial account.

33 e. A cumulative report for the raffle on a form determined
34 by the department and one percent of the gross receipts are
35 submitted to the department within sixty days of the raffle

1 drawing. The one percent of the gross receipts shall be
2 retained by the department to pay for the cost of the special
3 audit.

4 NEW SUBSECTION. 4. For each real property raffle license
5 issued, the department shall conduct a special audit of the
6 raffle to verify compliance with the appropriate requirements
7 of this chapter.

8 Sec. 3. Section 99B.7, subsection 1, paragraph d, Code
9 1995, is amended by striking the paragraph and inserting in
10 lieu thereof the following:

11 d. Cash prizes shall not be awarded in games other than
12 bingo and raffles. The value of a prize shall not exceed two
13 hundred dollars and merchandise prizes shall not be
14 repurchased. If a prize consists of more than one item, unit,
15 or part, the aggregate value of all items, units, or parts
16 shall not exceed two hundred dollars. However, one raffle may
17 be conducted per calendar year at which prizes having a
18 combined value not greater than thirty thousand dollars may be
19 awarded. If the prize is merchandise, its value shall be
20 determined by purchase price paid by the organization or
21 donor.

22 Sec. 4. Section 99B.7, subsection 1, Code 1995, is amended
23 by adding the following new paragraphs:

24 NEW PARAGRAPH. q. A licensee under this section may hold
25 one real property raffle per calendar year at which the value
26 of the real property may exceed twenty thousand dollars in
27 lieu of the annual raffle authorized in subsection 1,

28 paragraph "d", if all of the following requirements are met:

29 (1) The licensee has submitted the special real property
30 raffle property license application and a fee of one hundred
31 dollars to the department, has been issued a license, and
32 prominently displays the license at the drawing area of the
33 raffle.

34 (2) The real property was acquired by gift or donation or
35 has been owned by the licensee for a period of at least five

1 years.

2 (3) All other requirements of this section and section
3 99B.2 are met, except that the cost to participate in the
4 raffle may exceed one dollar for each participant.

5 (4) Receipts from the raffle are kept in a separate
6 financial account.

7 (5) A cumulative report for the raffle on a form
8 determined by the department and one percent of the gross
9 receipts are submitted to the department within sixty days of
10 the raffle drawing. The one percent of the gross receipts
11 shall be retained by the department to pay for the cost of the
12 special audit.

13 NEW PARAGRAPH. r. For each real property license issued,
14 the department shall conduct a special audit of the raffle to
15 verify compliance with the appropriate requirements of this
16 chapter.

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SENATE FILE 2012

H-5642

- 1 Amend Senate File 2012, as amended, passed, and
- 2 reprinted, by the Senate, as follows:
- 3 1. Page 1, line 18, by striking the word "twenty"
- 4 and inserting the following: "thirty".
- 5 2. Page 2, line 26, by striking the word "twenty"
- 6 and inserting the following: "thirty".

By JACOBS of Polk

H-5642 FILED MARCH 26, 1996

*out of order 4-2-96
(p. 1300)*

SENATE FILE 2012

H-5643

- 1 Amend Senate File 2012, as amended, passed, and
- 2 reprinted by the Senate, as follows:
- 3 1. Page 1, by striking lines 10 and 11 and
- 4 inserting the following: "prizes having a combined
- 5 value of more than two hundred dollars may be offered.
- 6 If the prize is merchandise,".
- 7 2. Page 1, line 18, by striking the words "twenty
- 8 thousand" and inserting the following: "two hundred".
- 9 3. Page 2, by striking line 18 and inserting the
- 10 following: "combined value of more than two hundred
- 11 dollars may be".
- 12 4. Page 2, line 26, by striking the words "twenty
- 13 thousand" and inserting the following: "two hundred".

By MORELAND of Wapello

H-5643 FILED MARCH 26, 1996

*Adopted 4-2-96
(p. 1300)*

HOUSE AMENDMENT TO
SENATE FILE 2012

S-5631

- 1 Amend Senate File 2012, as amended, passed, and
- 2 reprinted by the Senate, as follows:
- 3 1. Page 1, by striking lines 10 and 11 and
- 4 inserting the following: "prizes having a combined
- 5 value of more than two hundred dollars may be offered.
- 6 If the prize is merchandise,".
- 7 2. Page 1, line 18, by striking the words "twenty
- 8 thousand" and inserting the following: "two hundred".
- 9 3. Page 2, by striking line 18 and inserting the
- 10 following: "combined value of more than two hundred
- 11 dollars may be".
- 12 4. Page 2, line 26, by striking the words "twenty
- 13 thousand" and inserting the following: "two hundred".

RECEIVED FROM THE HOUSE

S-5631 FILED APRIL 2, 1996

Senate concurred 4/3/96 (p. 1219)

SENATE FILE 2012

AN ACT
RELATING TO THE CONDUCT OF RAFFLES.

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

Section 1. Section 99B.5, subsection 1, paragraph g, Code 1995, is amended by striking the paragraph and inserting in lieu thereof the following:

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

Sec. 2. Section 99B.5, Code 1995, is amended by adding the following new subsections:

NEW SUBSECTION. 3. A licensee under this section may hold one real property raffle per calendar year at which the value of the real property may exceed two hundred dollars in lieu of the annual raffle authorized in subsection 1, paragraph "g", if all of the following requirements are met:

a. The licensee has submitted the special real property raffle license application and a fee of one hundred dollars to the department, has been issued a license, and prominently displays the license at the drawing area of the raffle.

b. The real property was acquired by gift or donation or has been owned by the licensee for a period of at least five years.

c. All other requirements of this section and section 99B.2 are met, except that the cost to participate in the raffle may exceed one dollar for each participant.

d. Receipts from the raffle are kept in a separate financial account.

e. A cumulative report for the raffle on a form determined by the department and one percent of the gross receipts are submitted to the department within sixty days of the raffle drawing. The one percent of the gross receipts shall be retained by the department to pay for the cost of the special audit.

NEW SUBSECTION. 4. For each real property raffle license issued, the department shall conduct a special audit of the raffle to verify compliance with the appropriate requirements of this chapter.

Sec. 3. Section 99B.7, subsection 1, paragraph d, Code 1995, is amended by striking the paragraph and inserting in lieu thereof the following:

d. Cash prizes shall not be awarded in games other than bingo and raffles. The value of a prize shall not exceed two hundred dollars and merchandise prizes shall not be

repurchased. If a prize consists of more than one item, unit, or part, the aggregate value of all items, units, or parts shall not exceed two hundred dollars. However, one raffle may be conducted per calendar year at which prizes having a combined value of more than two hundred dollars may be awarded. If the prize is merchandise, its value shall be determined by purchase price paid by the organization or donor.

Sec. 4. Section 99B.7, subsection 1, Code 1995, is amended by adding the following new paragraphs:

NEW PARAGRAPH. q. A licensee under this section may hold one real property raffle per calendar year at which the value of the real property may exceed two hundred dollars in lieu of the annual raffle authorized in subsection 1, paragraph "d", if all of the following requirements are met:

(1) The licensee has submitted the special real property raffle property license application and a fee of one hundred dollars to the department, has been issued a license, and prominently displays the license at the drawing area of the raffle.

(2) The real property was acquired by gift or donation or has been owned by the licensee for a period of at least five years.

(3) All other requirements of this section and section 99B.2 are met, except that the cost to participate in the raffle may exceed one dollar for each participant.

(4) Receipts from the raffle are kept in a separate financial account.

(5) A cumulative report for the raffle on a form determined by the department and one percent of the gross receipts are submitted to the department within sixty days of the raffle drawing. The one percent of the gross receipts shall be retained by the department to pay for the cost of the special audit.

NEW PARAGRAPH. r. For each real property license issued, the department shall conduct a special audit of the raffle to verify compliance with the appropriate requirements of this chapter.

LEONARD L. BOSWELL
President of the Senate

RON J. CORBETT
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2012, Seventy-sixth General Assembly.

JOHN F. DWYER
Secretary of the Senate

Approved 4/18, 1996

TERRY E. BRANSTAD
Governor