

REPRINTED

FILED MAR 2 1998

SENATE FILE 2376  
BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO SSB 2186)

Passed Senate <sup>(P.746)</sup> Date 3-17-98 Passed House, Date 4/6/98 <sup>(P.1280)</sup>  
Vote: Ayes 47 Nays 1 Vote: Ayes 100 Nays 0  
Approved April 21, 1998

A BILL FOR

1 An Act relating to the operation of the lottery and providing for  
2 multijurisdictional agreements.

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

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S.F. 2376

DET

1 Section 1. Section 99E.9, subsection 3, paragraph g, Code  
2 1997, is amended to read as follows:

3 g. The frequency of selection of winning tickets or  
4 shares. Drawings shall be held in public. Drawings shall be  
5 witnessed by an independent certified public accountant.  
6 Equipment used to select winning tickets or shares or  
7 participants for prizes shall be examined by ~~lottery-division~~  
8 ~~employees-and~~ an independent certified public accountant prior  
9 to and after each public drawing.

10 Sec. 2. Section 99E.9, subsection 4, Code 1997, is amended  
11 to read as follows:

12 4. The board and the commissioner may enter into written  
13 agreements or compacts with another state ~~or-states~~ or one or  
14 more political subdivisions of another state ~~or-states~~ for the  
15 operation, marketing, and promotion of a joint lottery or  
16 joint lottery games. For the purposes of this subsection, a  
17 state or a political subdivision of a state includes a  
18 district, territory, or protectorate of the United States and  
19 any nation and its political subdivisions which is a signatory  
20 to the North American free trade agreement.

21 EXPLANATION

22 This bill provides that lottery division employees are no  
23 longer responsible for examining the lottery equipment which  
24 selects the winning ticket or participants for a prize before  
25 and after each drawing. An independent certified accountant  
26 is given this duty alone.

27 The bill also authorizes the lottery board and commissioner  
28 to enter into agreements for lottery purposes with any  
29 district, territory, or protectorate of the United States, and  
30 any nation and its political subdivisions which is a signatory  
31 to the North American free trade agreement.

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## SENATE FILE 2376

S-5237

1 Amend Senate File 2376 as follows:

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

4 "Section 1. IOWA LOTTERY DISCONTINUED --  
5 DISPOSITION OF PROPERTY -- EMPLOYEES TRANSFERRED OR  
6 LAID OFF.

7 1. The Iowa lottery board shall discontinue all  
8 lottery games established pursuant to chapter 99E  
9 effective July 1, 1999. The lottery board shall  
10 provide for the termination of all contracts extending  
11 beyond July 1, 1999, and provide for the disposition  
12 of all property leased or owned by the lottery  
13 division.

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

31 3. The members of the lottery board, the  
32 commissioner, and any additional employees deemed  
33 necessary by the board may continue employment on or  
34 after July 1, 1999, to provide for the orderly  
35 discontinuation of the lottery games. However, not  
36 later than September 30, 1999, the terms of office of  
37 the lottery board members and the employment of the  
38 commissioner and any other employees remaining on or  
39 after July 1, 1999, shall terminate. Any matters  
40 regarding the termination of the lottery games  
41 established under chapter 99E which remain on October  
42 1, 1999, are the responsibility of the director of  
43 revenue and finance. The director of revenue and  
44 finance shall complete the discontinuation of the  
45 lottery games as expeditiously as possible.

46 Sec. \_\_\_\_ . Section 7E.5, subsection 1, paragraph d,  
47 Code 1997, is amended to read as follows:

48 d. The department of revenue and finance, created  
49 in section 421.2, which has primary responsibility for  
50 revenue collection and revenue law compliance, and

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1 financial management and assistance, ~~and the Iowa~~  
2 ~~lottery.~~

3 Sec. \_\_\_\_\_. Section 7E.6, subsection 3, Code 1997,  
4 is amended by striking the subsection.

5 Sec. \_\_\_\_\_. Section 8.22A, subsection 5, paragraph  
6 a, Code 1997, is amended by striking the paragraph.

7 Sec. \_\_\_\_\_. Section 68B.35, subsection 2, paragraph  
8 e, Code 1997, is amended to read as follows:

9 e. Members of the banking board, the ethics and  
10 campaign disclosure board, the credit union review  
11 board, the economic development board, the employment  
12 appeal board, the environmental protection commission,  
13 the health facilities council, the Iowa business  
14 investment corporation board of directors, the Iowa  
15 finance authority, the Iowa seed capital corporation,  
16 the Iowa public employees' retirement system  
17 investment board, ~~the lottery board,~~ the natural  
18 resource commission, the board of parole, the  
19 petroleum underground storage tank fund board, the  
20 public employment relations board, the state racing  
21 and gaming commission, the state board of regents, the  
22 tax review board, the transportation commission, the  
23 office of consumer advocate, the utilities board, the  
24 Iowa telecommunications and technology commission, and  
25 any full-time members of other boards and commissions  
26 as defined under section 7E.4 who receive an annual  
27 salary for their service on the board or commission.

28 Sec. \_\_\_\_\_. Section 99A.10, Code 1997, is amended to  
29 read as follows:

30 99A.10 MANUFACTURE AND DISTRIBUTION OF GAMBLING  
31 DEVICES PERMITTED.

32 A person may manufacture or act as a distributor  
33 for gambling devices for sale out of the state in  
34 another jurisdiction where possession of the device is  
35 legal or for sale in the state or use in the state if  
36 the use is permitted pursuant to either chapter 99B or  
37 ~~chapter-99E.~~

38 Sec. \_\_\_\_\_. Section 99B.1, subsection 17, Code 1997,  
39 is amended by striking the subsection.

40 Sec. \_\_\_\_\_. Section 99B.6, subsection 5, Code 1997,  
41 is amended by striking the subsection.

42 Sec. \_\_\_\_\_. Section 99B.7, subsection 1, paragraph  
43 1, subparagraph (1), Code 1997, is amended to read as  
44 follows:

45 (1) No other gambling is engaged in at the same  
46 location, ~~except that lottery tickets or shares issued~~  
47 ~~by the lottery division of the department of revenue~~  
48 ~~and finance may be sold pursuant to chapter-99E.~~

49 Sec. \_\_\_\_\_. Section 99B.15, Code 1997, is amended to  
50 read as follows:

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1 99B.15 APPLICABILITY OF CHAPTER -- PENALTY.

2 It is the intent and purpose of this chapter to  
3 authorize gambling in this state only to the extent  
4 specifically permitted by a section of this chapter or  
5 chapter 99D~~7~~-99E~~7~~ or 99F. Except as otherwise  
6 provided in this chapter, the knowing failure of any  
7 person to comply with the limitations imposed by this  
8 chapter constitutes unlawful gambling, a serious  
9 misdemeanor.

10 Sec. \_\_\_\_ . NEW SECTION. 99E.35 FUTURE REPEAL.

11 This chapter is repealed effective July 1, 1999."

12 2. Page 1, line 1, by striking the figure "1" and  
13 inserting the following: "101".

14 3. Page 1, line 10, by striking the figure "2"  
15 and inserting the following: "102".

16 4. Page 1, by inserting after line 20 the  
17 following:

18 "Sec. \_\_\_\_ . Section 99F.2, Code 1997, is amended to  
19 read as follows:

20 99F.2 SCOPE OF PROVISIONS.

21 This chapter does not apply to the pari-mutuel  
22 system of wagering used or intended to be used in  
23 connection with the horse-race or dog-race meetings as  
24 authorized under chapter 99D~~7~~-~~lottery-or-lotto-games~~  
25 ~~authorized-under-chapter-99E~~7~~~~ or bingo or games of  
26 skill or chance authorized under chapter 99B.

27 Sec. \_\_\_\_ . Section 99F.11, subsection 3, Code 1997,  
28 is amended to read as follows:

29 3. Three-tenths of one percent of the adjusted  
30 gross receipts shall be deposited in the ~~gamblers~~  
31 ~~assistance gambling treatment fund~~ specified in  
32 section 99E~~7~~-~~10~~-~~subsection-17~~-~~paragraph-"a"~~ 99F.19.

33 Sec. \_\_\_\_ . NEW SECTION. 99F.19 GAMBLING TREATMENT  
34 FUND -- CREATED AND USES.

35 A gambling treatment fund is created in the state  
36 treasury. The director of the Iowa department of  
37 public health shall administer the fund and shall  
38 provide that receipts are allocated on a monthly basis  
39 to fund administrative costs and to programs which may  
40 include, but are not limited to, outpatient and  
41 follow-up treatment for persons affected by problem  
42 gambling, rehabilitation and residential treatment  
43 programs, information and referral services, and  
44 education and preventive services. Of the moneys  
45 remaining in the gambling treatment fund at the close  
46 of the fiscal year which otherwise would remain  
47 unexpended or unobligated for the purposes designated  
48 in this paragraph, up to four hundred thousand dollars  
49 shall be used by the Iowa department of public health  
50 for substance abuse program grants.

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1 Sec. \_\_\_\_\_. Section 123.49, subsection 2, paragraph  
2 a, Code Supplement 1997, is amended to read as  
3 follows:

4 a. Knowingly permit any gambling, except in  
5 accordance with chapter 99B, 99D, 99E, or 99F, or  
6 knowingly permit solicitation for immoral purposes, or  
7 immoral or disorderly conduct on the premises covered  
8 by the license or permit.

9 Sec. \_\_\_\_\_. Section 321.19, subsection 1, unnumbered  
10 paragraph 2, Code Supplement 1997, is amended to read  
11 as follows:

12 The department shall furnish, on application, free  
13 of charge, distinguishing plates for vehicles thus  
14 exempted, which plates except plates on Iowa highway  
15 safety patrol vehicles shall bear the word "official"  
16 and the department shall keep a separate record.  
17 Registration plates issued for Iowa highway safety  
18 patrol vehicles, except unmarked patrol vehicles,  
19 shall bear two red stars on a yellow background, one  
20 before and one following the registration number on  
21 the plate, which registration number shall be the  
22 officer's badge number. Registration plates issued  
23 for a county sheriff's patrol vehicles shall display  
24 one seven-pointed gold star followed by the letter "S"  
25 and the call number of the vehicle. However, the  
26 director of general services or the director of  
27 transportation may order the issuance of regular  
28 registration plates for any exempted vehicle used by  
29 peace officers in the enforcement of the law, persons  
30 enforcing chapter 124 and other laws relating to  
31 controlled substances, and persons in the department  
32 of justice, the alcoholic beverages division of the  
33 department of commerce, the department of inspections  
34 and appeals, and the department of revenue and  
35 finance, who are regularly assigned to conduct  
36 investigations which cannot reasonably be conducted  
37 with a vehicle displaying "official" state  
38 registration plates, ~~and persons in the lottery~~  
39 ~~division of the department of revenue and finance~~  
40 ~~whose regularly assigned duties relating to security~~  
41 ~~or the carrying of lottery tickets cannot reasonably~~  
42 ~~be conducted with a vehicle displaying "official"~~  
43 ~~registration plates.~~ For purposes of sale of exempted  
44 vehicles, the exempted governmental body, upon the  
45 sale of the exempted vehicle, may issue for in-transit  
46 purposes a pasteboard card bearing the words "Vehicle  
47 in Transit", the name of the official body from which  
48 the vehicle was purchased, together with the date of  
49 the purchase plainly marked in at least one-inch  
50 letters, and other information required by the

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

5 Sec. 16. Section 421.17, subsection 27, Code  
6 Supplement 1997, is amended by striking the  
7 subsection.

8 Sec. \_\_\_\_\_. Section 422.16, subsection 1, unnumbered  
9 paragraph 4, Code 1997, is amended to read as follows:

10 For the purposes of this subsection, state income  
11 tax shall be withheld on winnings in excess of six  
12 hundred dollars derived from gambling activities  
13 authorized under chapter 99B or 99E. State income tax  
14 shall be withheld on winnings in excess of one  
15 thousand dollars from gambling activities authorized  
16 under chapter 99D. State income tax shall be withheld  
17 on winnings in excess of twelve hundred dollars  
18 derived from slot machines authorized under chapter  
19 99F.

20 Sec. \_\_\_\_\_. Section 422.43, subsection 2, Code  
21 Supplement 1997, is amended to read as follows:

22 2. There is imposed a tax of five percent upon the  
23 gross receipts derived from the operation of all forms  
24 of amusement devices and games of skill, games of  
25 chance, raffles, and bingo games as defined in chapter  
26 99B, operated or conducted within the state, the tax  
27 to be collected from the operator in the same manner  
28 as for the collection of taxes upon the gross receipts  
29 of tickets or admission as provided in this section.  
30 ~~The tax shall also be imposed upon the gross receipts~~  
31 ~~derived from the sale of lottery tickets or shares~~  
32 ~~pursuant to chapter 99E. The tax on the lottery~~  
33 ~~tickets or shares shall be included in the sales price~~  
34 ~~and distributed to the general fund as provided in~~  
35 ~~section 99E:10.~~

36 Sec. \_\_\_\_\_. Section 422B.8, unnumbered paragraph 1,  
37 Code 1997, is amended to read as follows:

38 A local sales and services tax at the rate of not  
39 more than one percent may be imposed by a county on  
40 the gross receipts taxed by the state under chapter  
41 422, division IV. A local sales and services tax  
42 shall be imposed on the same basis as the state sales  
43 and services tax and may not be imposed on the sale of  
44 any property or on any service not taxed by the state,  
45 except the tax shall not be imposed on the gross  
46 receipts from the sale of motor fuel or special fuel  
47 as defined in chapter 452A, on the gross receipts from  
48 the rental of rooms, apartments, or sleeping quarters  
49 which are taxed under chapter 422A during the period  
50 the hotel and motel tax is imposed, on the gross

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1 receipts from the sale of natural gas or electric  
 2 energy in a city or county where the gross receipts  
 3 are subject to a franchise fee or user fee during the  
 4 period the franchise or user fee is imposed, and on  
 5 the gross receipts from the sale of equipment by the  
 6 state department of transportation, ~~and on the gross~~  
 7 ~~receipts from the sale of a lottery ticket or share in~~  
 8 ~~a lottery game conducted pursuant to chapter 99E.~~ A  
 9 local sales and services tax is applicable to  
 10 transactions within those incorporated and  
 11 unincorporated areas of the county where it is imposed  
 12 and shall be collected by all persons required to  
 13 collect state gross receipts taxes. All cities  
 14 contiguous to each other shall be treated as part of  
 15 one incorporated area and the tax would be imposed in  
 16 each of those contiguous cities only if the majority  
 17 of those voting in the total area covered by the  
 18 contiguous cities favor its imposition.

19 Sec. \_\_\_\_\_. Section 455A.18, subsection 3,  
 20 unnumbered paragraph 1, Code Supplement 1997, is  
 21 amended to read as follows:

22 For each fiscal year of the fiscal period beginning  
 23 July 1, 1997, and ending June 30, 2021, there is  
 24 appropriated from the general fund, to the Iowa  
 25 resources enhancement and protection fund, the amount  
 26 of twenty million dollars, to be used as provided in  
 27 this chapter. ~~However, in any fiscal year of the~~  
 28 ~~fiscal period, if moneys from the lottery are~~  
 29 ~~appropriated by the state to the fund, the amount~~  
 30 ~~appropriated under this subsection shall be reduced by~~  
 31 ~~the amount appropriated from the lottery.~~

32 Sec. \_\_\_\_\_. Section 537A.4, unnumbered paragraph 2,  
 33 Code 1997, is amended to read as follows:

34 This section does not apply to a contract for the  
 35 operation of or for the sale or rental of equipment  
 36 for games of skill or games of chance, if both the  
 37 contract and the games are in compliance with chapter  
 38 99B. This section does not apply to wagering under  
 39 the pari-mutuel method of wagering authorized by  
 40 chapter 99D. ~~This section does not apply to the sale,~~  
 41 ~~purchase or redemption of a ticket or share in the~~  
 42 ~~state lottery in compliance with chapter 99E.~~ This  
 43 section does not apply to wagering under the excursion  
 44 boat gambling method of wagering authorized by chapter  
 45 99F. This section does not apply to the sale,  
 46 purchase, or redemption of any ticket or similar  
 47 gambling device legally purchased in Indian lands  
 48 within this state.

49 Sec. \_\_\_\_\_. Section 714B.10, subsection 1, Code  
 50 1997, is amended to read as follows:

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1 1. Advertising by sponsors registered pursuant to  
 2 chapter 557B, licensed pursuant to chapter 99B, or  
 3 regulated pursuant to chapter 99D~~7~~-99E~~7~~ or 99F.  
 4 Sec. \_\_\_\_\_. Section 725.9, subsection 5, Code 1997,  
 5 is amended to read as follows:  
 6 5. This chapter does not prohibit the possession  
 7 of gambling devices by a manufacturer or distributor  
 8 if the possession is solely for sale out of the state  
 9 in another jurisdiction where possession of the device  
 10 is legal or for sale in the state or use in the state  
 11 if the use is licensed pursuant to either chapter 99B  
 12 or ~~chapter 99E~~.  
 13 Sec. \_\_\_\_\_. Section 725.15, Code 1997, is amended to  
 14 read as follows:  
 15 725.15 EXCEPTIONS FOR LEGAL GAMBLING.  
 16 Sections 725.5 to 725.10 and 725.12 do not apply to  
 17 a game, activity, ticket, or device when lawfully  
 18 possessed, used, conducted, or participated in  
 19 pursuant to chapter 99B~~7~~-99E~~7~~ or 99F.  
 20 Sec. \_\_\_\_\_. EFFECTIVE DATE. This Act, except  
 21 sections 1, 101, and 102, takes effect July 1, 1999.  
 22 Sections 1, 101, and 102 of this Act take effect July  
 23 1, 1998."  
 24 5. By renumbering as necessary.

By STEVEN D. HANSEN

S-5237 FILED MARCH 12, 1998  
 DEFERRED (P.142) W/D 3/17/98

## SENATE FILE 2376

S-5244

1 Amend the amendment, S-5237, to Senate File 2376 as  
 2 follows:  
 3 1. By striking page 1, line 2 through page 7,  
 4 line 24 and inserting the following:  
 5 "\_\_\_\_\_. Page 1, by inserting after line 20 the  
 6 following:  
 7 "Sec. \_\_\_\_\_. INTERIM STUDY ON LOTTERY. The  
 8 legislative council is requested to establish an  
 9 interim study on the state lottery. The study shall  
 10 include, but is not limited to, an exploration of the  
 11 options of the sale or privatization of the lottery,  
 12 the determination of a market value, the study of  
 13 projected incomes, and the review of regulatory  
 14 schemes associated with its sale or transfer. The  
 15 interim study committee shall report its findings and  
 16 recommendation to the legislative council and to the  
 17 members of the general assembly not later than January  
 18 31, 1999."  
 19 2. Title page, line 2, by inserting after the  
 20 word "agreements" the following: ", and requesting an  
 21 interim study".

By TOM VILSACK

S-5244 FILED MARCH 12, 1998

O/Order 3/17/98

## SENATE FILE 2376

S-5248

1 Amend Senate File 2376 as follows:

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

4 "Section 1. IOWA LOTTERY DISCONTINUED --  
5 DISPOSITION OF PROPERTY -- EMPLOYEES TRANSFERRED OR  
6 LAID OFF.

7 1. The Iowa lottery board shall discontinue all  
8 lottery games established pursuant to chapter 99E  
9 effective July 1, 1999. The lottery board shall  
10 provide for the termination of all contracts extending  
11 beyond July 1, 1999, and provide for the disposition  
12 of all property leased or owned by the lottery  
13 division.

14 2. a. Except as provided in paragraph "b", any  
15 employee of the lottery division whose duty assignment  
16 is terminated by this Act, may be transferred to other  
17 duties within the department of revenue and finance,  
18 reassigned to other duties in another state department  
19 or agency, or terminated. The personnel commission  
20 shall adopt rules to carry out the transfer of  
21 employees under this Act and to carry out subsequent  
22 reclassifications, reassignments, or terminations made  
23 necessary by this Act. The personnel commission shall  
24 arbitrate and decide a written appeal made by an  
25 employee concerning a transfer, reassignment,  
26 reclassification, or termination made necessary by  
27 this Act. An employee shall not lose benefits accrued  
28 including, but not limited to, salary, retirement,  
29 vacation, or sick leave because of a transfer or  
30 reassignment.

31 b. Any employee of the lottery division who is a  
32 member of a collective bargaining unit and who is  
33 displaced as a result of implementation of this Act  
34 shall be covered by and dealt with according to  
35 provisions of the applicable collective bargaining  
36 agreement relating to contracting, subcontracting,  
37 outsourcing, privatization, and layoffs.

38 3. The members of the lottery board, the  
39 commissioner, and any additional employees deemed  
40 necessary by the board may continue employment on or  
41 after July 1, 1999, to provide for the orderly  
42 discontinuation of the lottery games. However, not  
43 later than September 30, 1999, the terms of office of  
44 the lottery board members and the employment of the  
45 commissioner and any other employees remaining on or  
46 after July 1, 1999, shall terminate. Any matters  
47 regarding the termination of the lottery games  
48 established under chapter 99E which remain on October  
49 1, 1999, are the responsibility of the director of  
50 revenue and finance. The director of revenue and

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Page 2

1 finance shall complete the discontinuation of the  
2 lottery games as expeditiously as possible.

3 Sec. \_\_\_\_\_. Section 7E.5, subsection 1, paragraph d,  
4 Code 1997, is amended to read as follows:

5 d. The department of revenue and finance, created  
6 in section 421.2, which has primary responsibility for  
7 revenue collection and revenue law compliance, and  
8 financial management and assistance, ~~and the Iowa~~  
9 ~~lottery.~~

10 Sec. \_\_\_\_\_. Section 7E.6, subsection 3, Code 1997,  
11 is amended by striking the subsection.

12 Sec. \_\_\_\_\_. Section 8.22A, subsection 5, paragraph  
13 a, Code 1997, is amended by striking the paragraph.

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15 e, Code 1997, is amended to read as follows:

16 e. Members of the banking board, the ethics and  
17 campaign disclosure board, the credit union review  
18 board, the economic development board, the employment  
19 appeal board, the environmental protection commission,  
20 the health facilities council, the Iowa business  
21 investment corporation board of directors, the Iowa  
22 finance authority, the Iowa seed capital corporation,  
23 the Iowa public employees' retirement system  
24 investment board, ~~the lottery board,~~ the natural  
25 resource commission, the board of parole, the  
26 petroleum underground storage tank fund board, the  
27 public employment relations board, the state racing  
28 and gaming commission, the state board of regents, the  
29 tax review board, the transportation commission, the  
30 office of consumer advocate, the utilities board, the  
31 Iowa telecommunications and technology commission, and  
32 any full-time members of other boards and commissions  
33 as defined under section 7E.4 who receive an annual  
34 salary for their service on the board or commission.

35 Sec. \_\_\_\_\_. Section 99A.10, Code 1997, is amended to  
36 read as follows:

37 99A.10 MANUFACTURE AND DISTRIBUTION OF GAMBLING  
38 DEVICES PERMITTED.

39 A person may manufacture or act as a distributor  
40 for gambling devices for sale out of the state in  
41 another jurisdiction where possession of the device is  
42 legal or for sale in the state or use in the state if  
43 the use is permitted pursuant to either chapter 99B or  
44 ~~chapter-99E.~~

45 Sec. \_\_\_\_\_. Section 99B.1, subsection 17, Code 1997,  
46 is amended by striking the subsection.

47 Sec. \_\_\_\_\_. Section 99B.6, subsection 5, Code 1997,  
48 is amended by striking the subsection.

49 Sec. \_\_\_\_\_. Section 99B.7, subsection 1, paragraph  
50 1, subparagraph (1), Code 1997, is amended to read as

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Page 3

1 follows:

2 (1) No other gambling is engaged in at the same  
3 location, ~~except that lottery tickets or shares issued~~  
4 ~~by the lottery division of the department of revenue~~  
5 ~~and finance may be sold pursuant to chapter 99E.~~

6 Sec. \_\_\_\_ . Section 99B.15, Code 1997, is amended to  
7 read as follows:

8 99B.15 APPLICABILITY OF CHAPTER -- PENALTY.

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

17 Sec. \_\_\_\_ . NEW SECTION. 99E.35 FUTURE REPEAL.

18 This chapter is repealed effective July 1, 1999."

19 2. Page 1, line 1, by striking the figure "1" and  
20 inserting the following: "101".

21 3. Page 1, line 10, by striking the figure "2"  
22 and inserting the following: "102".

23 4. Page 1, by inserting after line 20 the  
24 following:

25 "Sec. \_\_\_\_ . Section 99F.2, Code 1997, is amended to  
26 read as follows:

27 99F.2 SCOPE OF PROVISIONS.

28 This chapter does not apply to the pari-mutuel  
29 system of wagering used or intended to be used in  
30 connection with the horse-race or dog-race meetings as  
31 authorized under chapter 99D~~7~~-~~lottery or lotto games~~  
32 ~~authorized under chapter 99E~~7~~~~ or bingo or games of  
33 skill or chance authorized under chapter 99B.

34 Sec. \_\_\_\_ . Section 99F.11, subsection 3, Code 1997,  
35 is amended to read as follows:

36 3. Three-tenths of one percent of the adjusted  
37 gross receipts shall be deposited in the ~~gamblers~~  
38 ~~assistance gambling treatment~~ fund specified in  
39 section 99E-~~10~~~~7~~-~~subsection 1~~~~7~~-~~paragraph "a"~~ 99F.19.

40 Sec. \_\_\_\_ . NEW SECTION. 99F.19 GAMBLING TREATMENT  
41 FUND -- CREATED AND USES.

42 A gambling treatment fund is created in the state  
43 treasury. The director of the Iowa department of  
44 public health shall administer the fund and shall  
45 provide that receipts are allocated on a monthly basis  
46 to fund administrative costs and to programs which may  
47 include, but are not limited to, outpatient and  
48 follow-up treatment for persons affected by problem  
49 gambling, rehabilitation and residential treatment  
50 programs, information and referral services, and

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1 education and preventive services. Of the moneys  
2 remaining in the gambling treatment fund at the close  
3 of the fiscal year which otherwise would remain  
4 unexpended or unobligated for the purposes designated  
5 in this paragraph, up to four hundred thousand dollars  
6 shall be used by the Iowa department of public health  
7 for substance abuse program grants.

8 Sec. \_\_\_\_\_. Section 123.49, subsection 2, paragraph  
9 a, Code Supplement 1997, is amended to read as  
10 follows:

11 a. Knowingly permit any gambling, except in  
12 accordance with chapter 99B, 99D, 99E, or 99F, or  
13 knowingly permit solicitation for immoral purposes, or  
14 immoral or disorderly conduct on the premises covered  
15 by the license or permit.

16 Sec. \_\_\_\_\_. Section 321.19, subsection 1, unnumbered  
17 paragraph 2, Code Supplement 1997, is amended to read  
18 as follows:

19 The department shall furnish, on application, free  
20 of charge, distinguishing plates for vehicles thus  
21 exempted, which plates except plates on Iowa highway  
22 safety patrol vehicles shall bear the word "official"  
23 and the department shall keep a separate record.  
24 Registration plates issued for Iowa highway safety  
25 patrol vehicles, except unmarked patrol vehicles,  
26 shall bear two red stars on a yellow background, one  
27 before and one following the registration number on  
28 the plate, which registration number shall be the  
29 officer's badge number. Registration plates issued  
30 for a county sheriff's patrol vehicles shall display  
31 one seven-pointed gold star followed by the letter "S"  
32 and the call number of the vehicle. However, the  
33 director of general services or the director of  
34 transportation may order the issuance of regular  
35 registration plates for any exempted vehicle used by  
36 peace officers in the enforcement of the law, persons  
37 enforcing chapter 124 and other laws relating to  
38 controlled substances, and persons in the department  
39 of justice, the alcoholic beverages division of the  
40 department of commerce, and the department of  
41 inspections and appeals, and the department of revenue  
42 and finance, who are regularly assigned to conduct  
43 investigations which cannot reasonably be conducted  
44 with a vehicle displaying "official" state  
45 registration plates, ~~and persons in the lottery~~  
46 ~~division of the department of revenue and finance~~  
47 ~~whose regularly assigned duties relating to security~~  
48 ~~or the carrying of lottery tickets cannot reasonably~~  
49 ~~be conducted with a vehicle displaying "official"~~  
50 registration plates. For purposes of sale of exempted

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

12 Sec. 16. Section 421.17, subsection 27, Code  
13 Supplement 1997, is amended by striking the  
14 subsection.

15 Sec. \_\_\_\_\_. Section 422.16, subsection 1, unnumbered  
16 paragraph 4, Code 1997, is amended to read as follows:

17 For the purposes of this subsection, state income  
18 tax shall be withheld on winnings in excess of six  
19 hundred dollars derived from gambling activities  
20 authorized under chapter 99B or 99E. State income tax  
21 shall be withheld on winnings in excess of one  
22 thousand dollars from gambling activities authorized  
23 under chapter 99D. State income tax shall be withheld  
24 on winnings in excess of twelve hundred dollars  
25 derived from slot machines authorized under chapter  
26 99F.

27 Sec. \_\_\_\_\_. Section 422.43, subsection 2, Code  
28 Supplement 1997, is amended to read as follows:

29 2. There is imposed a tax of five percent upon the  
30 gross receipts derived from the operation of all forms  
31 of amusement devices and games of skill, games of  
32 chance, raffles, and bingo games as defined in chapter  
33 99B, operated or conducted within the state, the tax  
34 to be collected from the operator in the same manner  
35 as for the collection of taxes upon the gross receipts  
36 of tickets or admission as provided in this section.  
37 ~~The tax shall also be imposed upon the gross receipts~~  
38 ~~derived from the sale of lottery tickets or shares~~  
39 ~~pursuant to chapter 99E. The tax on the lottery~~  
40 ~~tickets or shares shall be included in the sales price~~  
41 ~~and distributed to the general fund as provided in~~  
42 ~~section 99E.10.~~

43 Sec. \_\_\_\_\_. Section 422B.8, unnumbered paragraph 1,  
44 Code 1997, is amended to read as follows:

45 A local sales and services tax at the rate of not  
46 more than one percent may be imposed by a county on  
47 the gross receipts taxed by the state under chapter  
48 422, division IV. A local sales and services tax  
49 shall be imposed on the same basis as the state sales  
50 and services tax and may not be imposed on the sale of

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1 any property or on any service not taxed by the state,  
2 except the tax shall not be imposed on the gross  
3 receipts from the sale of motor fuel or special fuel  
4 as defined in chapter 452A, on the gross receipts from  
5 the rental of rooms, apartments, or sleeping quarters  
6 which are taxed under chapter 422A during the period  
7 the hotel and motel tax is imposed, on the gross  
8 receipts from the sale of natural gas or electric  
9 energy in a city or county where the gross receipts  
10 are subject to a franchise fee or user fee during the  
11 period the franchise or user fee is imposed, and on  
12 the gross receipts from the sale of equipment by the  
13 state department of transportation, ~~and on the gross~~  
14 ~~receipts from the sale of a lottery ticket or share in~~  
15 ~~a lottery game conducted pursuant to chapter 99E.~~ A  
16 local sales and services tax is applicable to  
17 transactions within those incorporated and  
18 unincorporated areas of the county where it is imposed  
19 and shall be collected by all persons required to  
20 collect state gross receipts taxes. All cities  
21 contiguous to each other shall be treated as part of  
22 one incorporated area and the tax would be imposed in  
23 each of those contiguous cities only if the majority  
24 of those voting in the total area covered by the  
25 contiguous cities favor its imposition.

26 Sec. \_\_\_\_\_. Section 455A.18, subsection 3,  
27 unnumbered paragraph 1, Code Supplement 1997, is  
28 amended to read as follows:

29 For each fiscal year of the fiscal period beginning  
30 July 1, 1997, and ending June 30, 2021, there is  
31 appropriated from the general fund, to the Iowa  
32 resources enhancement and protection fund, the amount  
33 of twenty million dollars, to be used as provided in  
34 this chapter. ~~However, in any fiscal year of the~~  
35 ~~fiscal period, if moneys from the lottery are~~  
36 ~~appropriated by the state to the fund, the amount~~  
37 ~~appropriated under this subsection shall be reduced by~~  
38 ~~the amount appropriated from the lottery.~~

39 Sec. \_\_\_\_\_. Section 537A.4, unnumbered paragraph 2,  
40 Code 1997, is amended to read as follows:

41 This section does not apply to a contract for the  
42 operation of or for the sale or rental of equipment  
43 for games of skill or games of chance, if both the  
44 contract and the games are in compliance with chapter  
45 99B. This section does not apply to wagering under  
46 the pari-mutuel method of wagering authorized by  
47 chapter 99D. ~~This section does not apply to the sale,~~  
48 ~~purchase or redemption of a ticket or share in the~~  
49 ~~state lottery in compliance with chapter 99E.~~ This  
50 section does not apply to wagering under the excursion

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1 boat gambling method of wagering authorized by chapter  
2 99F. This section does not apply to the sale,  
3 purchase, or redemption of any ticket or similar  
4 gambling device legally purchased in Indian lands  
5 within this state.

6 Sec. \_\_\_\_\_. Section 714B.10, subsection 1, Code  
7 1997, is amended to read as follows:

8 1. Advertising by sponsors registered pursuant to  
9 chapter 557B, licensed pursuant to chapter 99B, or  
10 regulated pursuant to chapter 99D~~7~~-99E~~7~~ or 99F.

11 Sec. \_\_\_\_\_. Section 725.9, subsection 5, Code 1997,  
12 is amended to read as follows:

13 5. This chapter does not prohibit the possession  
14 of gambling devices by a manufacturer or distributor  
15 if the possession is solely for sale out of the state  
16 in another jurisdiction where possession of the device  
17 is legal or for sale in the state or use in the state  
18 if the use is licensed pursuant to ~~either~~ chapter 99B  
19 ~~or chapter 99E~~.

20 Sec. \_\_\_\_\_. Section 725.15, Code 1997, 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~~7~~-99E~~7~~ or 99F.

27 Sec. \_\_\_\_\_. EFFECTIVE DATE. This Act, except  
28 sections 1, 101, and 102, takes effect July 1, 1999.  
29 Sections 1, 101, and 102 of this Act take effect July  
30 1, 1998."

31 5. By renumbering as necessary.

By STEVEN D. HANSEN

S-5248 FILED MARCH 16, 1998

*Withdrawn  
3/17/98*



## SENATE FILE 2376

S-5255

1 Amend Senate File 2376 as follows:

2 1. Page 1, by inserting after line 20 the  
3 following:4 "Sec. \_\_\_\_\_. Section 99E.10, subsection 1,  
5 unnumbered paragraph 1, Code Supplement 1997, is  
6 amended to read as follows:7 Upon receipt of any revenue, the commissioner shall  
8 deposit the moneys in the lottery fund created  
9 pursuant to section 99E.20. As nearly as is  
10 practicable, at least fifty ninety percent of the11 projected annual revenue, after deduction of the  
12 amount of the sales tax, accruing from the sale of  
13 tickets or shares is appropriated for payment of  
14 prizes to the holders of winning tickets. After the  
15 payment of prizes, all of the following shall be  
16 deducted from lottery revenue prior to disbursement:17 Sec. \_\_\_\_\_. APPLICABILITY. The payout requirement  
18 of at least ninety percent of the projected annual  
19 revenue after the deduction of the amount of sales tax  
20 shall not apply to multi-state games operated under a  
21 contract or agreement which is in effect on the  
22 effective date of this Act. The multi-state games  
23 operating under an existing contract or agreement  
24 shall have a payout of at least fifty percent of the  
25 projected annual revenue after the deduction of the  
26 amount of the sales tax."

By WILLIAM D. PALMER

Lost 3/17/98 (P.743)  
S-5255 FILED MARCH 16, 1998

## SENATE FILE 2376

S-5271

1 Amend Senate File 2376 as follows:

2 1. Page 1, by striking lines 10 through 20.

3 2. Title page, lines 1 and 2, by striking the  
4 words "and providing for multijurisdictional  
5 agreements".

By STEVEN D. HANSEN

S-5271 FILED MARCH 17, 1998

ADOPTED (P.746)

SENATE FILE 2376

S-5252

1 Amend the amendment, S-5248, to Senate File 2376 as  
2 follows:

3 1. By striking page 1, line 2 through page 7,  
4 line 30 and inserting the following:

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

7 "Sec. \_\_\_\_ INTERIM STUDY ON LOTTERY. The  
8 legislative council is requested to establish an  
9 interim study on the state lottery. The study shall  
10 include, but is not limited to, an exploration of the  
11 options of the sale or privatization of the lottery,  
12 the determination of a market value, the study of  
13 projected incomes, the review of regulatory schemes  
14 associated with its sale or transfer, and the  
15 displacement of employees of the lottery division of  
16 the department of revenue and finance. Any employee  
17 of the lottery division who is a member of a  
18 collective bargaining unit and who is displaced as a  
19 result of implementation of this Act shall be covered  
20 by and dealt with according to provisions of the  
21 applicable collective bargaining agreement relating to  
22 contracting, subcontracting, outsourcing,  
23 privatization, and layoffs. The interim study  
24 committee shall report its findings and recommendation  
25 to the legislative council and to the members of the  
26 general assembly not later than January 31, 1999."

27 2. Title page, line 2, by inserting after the  
28 word "agreements" the following: ", and requesting an  
29 interim study".

By TOM VILSACK

S-5252 FILED MARCH 16, 1998

*W/Drawn  
3/17/98*

H. 3/18/98 State Gov.  
H. 3/19/98 Do Pass

H. 3/24/98 UNFINISHED BUSINESS CALENDAR

SENATE FILE 2376  
BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO SSB 2186)

(AS AMENDED AND PASSED BY THE SENATE MARCH 17, 1998)

\* - Language Stricken by the Senate

Passed Senate, Date <sup>(P. 1131)</sup> 4-8-98 Passed House, Date <sup>(P. 1280)</sup> 4-6-98  
Vote: Ayes 44 Nays 4 Vote: Ayes 100 Nays 0  
Approved 4/21/98

**A BILL FOR**

\* 1 An Act relating to the operation of the lottery.  
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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**UNFINISHED BUSINESS SECTION**

1 Section 1. Section 99E.9, subsection 3, paragraph g, Code  
2 1997, is amended to read as follows:

3 g. The frequency of selection of winning tickets or  
4 shares. Drawings shall be held in public. Drawings shall be  
5 witnessed by an independent certified public accountant.  
6 Equipment used to select winning tickets or shares or  
7 participants for prizes shall be examined by ~~lottery-division~~  
8 ~~employees-and~~ an independent certified public accountant prior  
9 to and after each public drawing.

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SENATE FILE 2376

H-8641

1 Amend Senate File 2376, as amended, passed, and  
2 reprinted by the Senate, as follows:

3 1. Page 1, by inserting after line 9 the  
4 following:

5 "Sec. \_\_\_\_ . Section 99E.18, subsection 4, Code  
6 1997, is amended to read as follows:

7 4. A person who, with intent to defraud, falsely  
8 makes, alters, forges, utters, passes, redeems, or  
9 counterfeits a lottery ticket or share or attempts to  
10 falsely make, alter, forge, utter, pass, redeem, or  
11 counterfeit a lottery ticket or share, or commits  
12 theft or attempts to commit theft of a lottery ticket  
13 or share, is guilty of a class "D" felony."

14 2. Title page, line 1, by inserting after the  
15 word "lottery" the following: "and providing a  
16 penalty".

17 3. By renumbering as necessary.

By LARKIN of Lee

H-8641 FILED MARCH 24, 1998

*Adopted 4-6-98 (p. 1279)*

HOUSE AMENDMENT TO  
SENATE FILE 2376

S-5524

1 Amend Senate File 2376, as amended, passed, and  
2 reprinted by the Senate, as follows:

3 1. Page 1, by inserting after line 9 the  
4 following:

5 "Sec. \_\_\_\_ . Section 99E.18, subsection 4, Code  
6 1997, is amended to read as follows:

7 4. A person who, with intent to defraud, falsely  
8 makes, alters, forges, utters, passes, redeems, or  
9 counterfeits a lottery ticket or share or attempts to  
10 falsely make, alter, forge, utter, pass, redeem, or  
11 counterfeit a lottery ticket or share, or commits  
12 theft or attempts to commit theft of a lottery ticket  
13 or share, is guilty of a class "D" felony."

14 2. Title page, line 1, by inserting after the  
15 word "lottery" the following: "and providing a  
16 penalty".

17 3. By renumbering as necessary.

RECEIVED FROM THE HOUSE

*Senate Concurred 4/8/98*  
S-5524 FILED APRIL 6, 1998 *(p. 1130)*

Lundby  
Fink  
Rittmer

SSB-2186  
State Government

SENATE FILE 2376  
BY (PROPOSED COMMITTEE ON  
STATE GOVERNMENT BILL BY  
CHAIRPERSON RITTMER)

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

**A BILL FOR**

1 An Act relating to the operation of the lottery, providing for  
2 multi-jurisdictional agreements, and providing a penalty for  
3 the theft or redemption of stolen lottery tickets.

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

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1 Section 1. Section 99E.9, subsection 3, paragraph g, Code  
2 1997, is amended to read as follows:

3 g. The frequency of selection of winning tickets or  
4 shares. Drawings shall be held in public. Drawings shall be  
5 witnessed by an independent certified public accountant.  
6 Equipment used to select winning tickets or shares or  
7 participants for prizes shall be examined by ~~lottery-division~~  
8 ~~employees-and~~ an independent certified public accountant prior  
9 to and after each public drawing.

10 Sec. 2. Section 99E.9, subsection 4, Code 1997, is amended  
11 to read as follows:

12 4. The board and the commissioner may enter into written  
13 agreements or compacts with another state ~~or-states~~ or one or  
14 more political subdivisions of another state ~~or-states~~ for the  
15 operation, marketing, and promotion of a joint lottery or  
16 joint lottery games. For the purposes of this subsection, a  
17 state or a political subdivision of a state includes a  
18 district, territory, or protectorate of the United States and  
19 any nation and its political subdivisions which is a signatory  
20 to the North American free trade agreement.

21 Sec. 3. Section 99E.18, subsection 4, Code 1997, is  
22 amended to read as follows:

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

29 EXPLANATION

30 This bill provides that lottery division employees are no  
31 longer responsible for examining the lottery equipment which  
32 selects the winning ticket or participants for a prize before  
33 and after each drawing. An independent certified accountant  
34 is given this duty alone.

35 The bill also authorizes the lottery board and commissioner

2186

1 to enter into agreements for lottery purposes with any  
2 district, territory, or protectorate of the United States, and  
3 any nation and its political subdivisions which is a signatory  
4 to the North American free trade agreement.

5 The bill also provides that it is a class "D" felony to  
6 redeem or attempt to redeem a stolen lottery ticket. A class  
7 "D" felony is punishable by up to five years imprisonment and,  
8 in addition, by a fine of not less than \$500 nor more than  
9 \$7,500.

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forge, utter, pass, redeem, or counterfeit a lottery ticket or share, or commits theft or attempts to commit theft of a lottery ticket or share, is guilty of a class "D" felony.

SENATE FILE 2376

AN ACT

RELATING TO THE OPERATION OF THE LOTTERY AND PROVIDING A PENALTY.

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

Section 1. Section 99E.9, subsection 3, paragraph g, Code 1997, is amended to read as follows:

g. The frequency of selection of winning tickets or shares. Drawings shall be held in public. Drawings shall be witnessed by an independent certified public accountant. Equipment used to select winning tickets or shares or participants for prizes shall be examined by lottery-division employees and an independent certified public accountant prior to and after each public drawing.

Sec. 2. Section 99E.18, subsection 4, Code 1997, is amended to read as follows:

4. A person who, with intent to defraud, falsely makes, alters, forges, utters, passes, redeems, or counterfeits a lottery ticket or share or attempts to falsely make, alter,

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MARY E. KRAMER  
President of the Senate

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RON J. CORBETT  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2376, Seventy-seventh General Assembly.

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MARY PAT GUNDERSON  
Secretary of the Senate

Approved April 21, 1998

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TERRY E. BRANSTAD  
Governor