

# Senate Study Bill 3061

## Bill Text

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1 1 Section 1. Section [99B.1](#), Code 1999, is amended by adding  
1 2 the following new subsection:

1 3 ~~NEW SUBSECTION.~~ 24. "Unrelated entity" means a person  
1 4 that has a separate and distinct state charter and tax  
1 5 identification number from any other person, and, if the  
1 6 person is an individual, an individual that is not related by  
1 7 law or by consanguinity.

1 8 Sec. 2. Section [99B.2](#), subsection 3, paragraph e, Code  
1 9 1999, is amended to read as follows:

1 10 e. Except as permitted by subsection 3, paragraph "a",  
1 11 gross receipts derived from the conduct of bingo shall not be  
1 12 commingled with other funds of the licensed organization.  
1 13

~~Except as permitted by paragraph "e", subparagraphs (3) and~~

1 14

~~(4), gross receipts shall not be transferred to another~~

1 15

~~account maintained by the licensed organization.~~

1 16 Sec. 3. Section [99B.5](#), subsection 1, paragraph g, Code  
1 17 1999, is amended by striking the paragraph.

1 18 Sec. 4. Section [99B.5](#), subsection 3, Code 1999, is amended  
1 19 to read as follows:

1 20 3. A licensee under this section may hold

~~one~~

~~a~~ real

1 21 property raffle

~~per calendar year at which the value of the~~

1 22

~~real property may exceed two hundred dollars in lieu of the~~

1 23

~~annual raffle authorized in subsection 1, paragraph "g"~~

~~, if~~

1 24 all of the following requirements are met:

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

1 29 b. The real property was acquired by gift or donation or  
1 30 has been owned by the licensee for a period of at least five  
1 31 years.

1 32 c. All other requirements of this section and section  
1 33 99B.2 are met

~~, except that the cost to participate in the~~

~~raffle may exceed one dollar for each participant~~

1 35 d. Receipts from the raffle are kept in a separate  
2 1 financial account.

2 2 e. A cumulative report for the raffle on a form determined  
2 3 by the department and one percent of the gross receipts are  
2 4 submitted to the department within sixty days of the raffle  
2 5 drawing. The one percent of the gross receipts shall be  
2 6 retained by the department to pay for the cost of the special  
2 7 audit.

2 8 Sec. 5. Section [99B.6](#), Code 1999, is amended by adding the  
2 9 following new subsection:

2 10 NEW SUBSECTION. 7A. With the exception of backgammon or  
2 11 other similar board game, any game involving dice is  
2 12 prohibited.

2 13 Sec. 6. Section [99B.7](#), subsection 1, paragraph c,  
2 14 unnumbered paragraph 1, Code 1999, is amended to read as  
2 15 follows:

2 16 Cash or merchandise prizes may be awarded in the game of  
2 17 bingo and, except as otherwise provided in this paragraph,  
2 18 shall not exceed one hundred dollars. Merchandise prizes may  
2 19 be awarded in the game of bingo, but the actual retail value  
2 20 of the prize, or if the prize consists of more than one item,  
2 21 unit or part, the aggregate retail value of all items, units  
2 22 or parts, shall not exceed the maximum provided by this  
2 23 paragraph. A bingo licensee may conduct one jackpot game per  
2 24 bingo occasion and may only conduct one jackpot game at a  
2 25 time. In a jackpot bingo game,

~~may be conducted once during~~

~~any twenty four hour period in which~~

~~the prize may begin at~~

2 27 not more than three hundred dollars in cash or actual retail  
2 28 value of merchandise prizes and may be increased by not more  
2 29 than one hundred dollars after each bingo occasion. However,  
2 30 the cost of play in a jackpot bingo game shall not be  
2 31 increased and the jackpot shall not amount to more than eight  
2 32 hundred dollars in cash or actual retail value of merchandise  
2 33 prizes. A jackpot bingo game is not prohibited by paragraph  
2 34 "h". A bingo occasion shall not last for longer than four  
2 35 consecutive hours. A qualified organization shall not hold  
3 1 more than fourteen bingo occasions per month. Bingo occasions  
3 2 held under a limited license shall not be counted in  
3 3 determining whether a qualified organization has conducted  
3 4 more than fourteen bingo occasions per month, nor shall bingo  
3 5 occasions held under a limited license be limited to four  
3 6 consecutive hours. With the exception of a limited license  
3 7 bingo, no more than three bingo occasions per week shall be  
3 8 held within a structure or building and only one person  
3 9 licensed to conduct games under this section may hold bingo  
3 10 occasions within a structure or building. A licensed  
3 11 qualified organization shall not conduct free games.

3 12 Sec. 7. Section [99B.7](#), subsection 1, paragraphs d, e, and  
3 13 q, Code 1999, are amended to read as follows:

3 14 d. Cash prizes shall not be awarded in games other than  
3 15 bingo and raffles.

~~The value of a prize shall not exceed one~~

~~thousand dollars and merchandise prizes shall not be~~

~~3 17~~

~~repurchased. If a prize consists of more than one item, unit,~~

~~3 18~~

~~or part, the aggregate value of all items, units, or parts~~

~~3 19~~

~~shall not exceed one thousand dollars. However, one raffle~~

~~3 20~~

~~may be conducted per calendar year at which prizes having a~~

~~3 21~~

~~combined value of more than one thousand dollars may be~~

~~3 22~~

~~awarded. If the prize is merchandise, its value shall be~~

~~3 23~~

~~determined by purchase price paid by the organization or~~

~~3 24~~

~~donor.~~

~~3 25~~

~~e. Except as provided in paragraph "d" of this subsection~~

~~3 26~~

~~with respect to an annual raffle, the cost to a participant~~

~~3 27~~

~~for each game shall not exceed one dollar.~~

~~3 28 q. A licensee under this section may hold~~

~~one~~

~~a real~~

~~3 29 property raffle~~

~~per calendar year at which the value of the~~

~~3 30~~

~~real property may exceed one thousand dollars in lieu of the~~

~~3 31~~

~~annual raffle authorized in subsection 1, paragraph "d", if~~

~~3 32~~

~~all of the following requirements are met:~~

~~3 33~~

~~(1) The licensee has submitted the special real property~~

~~3 34~~

~~raffle license application and a fee of one hundred dollars to~~

~~3 35~~

~~the department, has been issued a license, and prominently~~

~~4 1~~

~~displays the license at the drawing area of the raffle.~~

~~4 2~~

~~(2) The real property was acquired by gift or donation or~~

~~4 3~~

~~has been owned by the licensee for a period of at least five~~

~~4 4~~

~~years.~~

~~4 5~~

~~(3) All other requirements of this section and section~~

~~4 6~~

~~99B.2 are met, except that the cost to participate in the~~

~~4 7~~

~~raffle may exceed one dollar for each participant.~~

~~4 8~~

~~(4) Receipts from the raffle are kept in a separate~~

~~4 9~~

~~financial account.~~

~~4 10~~

~~(5) A cumulative report for the raffle on a form~~

~~4 11~~

~~determined by the department and one percent of the gross~~

~~4 12~~

~~receipts are submitted to the department within sixty days of~~

~~4 13~~

~~the raffle drawing. The one percent of the gross receipts~~

~~4 14~~

~~shall be retained by the department to pay for the cost of the~~

~~special audit~~

~~as provided in Section 99B.5, subsection 3.~~

4 16 Sec. 8. Section [99B.7](#), subsection 3, paragraph c,  
4 17 unnumbered paragraph 1, Code 1999, is amended to read as  
4 18 follows:

4 19 A qualified organization shall distribute amounts awarded  
4 20 as prizes on the day they are won. A qualified organization  
4 21 shall dedicate and distribute the balance of the net receipts  
4 22 received within a quarter and remaining after deduction of  
4 23 reasonable expenses, charges, fees, taxes, and deductions  
4 24 allowed by this chapter

~~, before the quarterly report required~~

4 25

~~for that quarter under section 99B.2, subsection 4, is due~~

4 26 within thirty days following the end of each calendar quarter  
4 27 during which the gambling occurred. The amount dedicated and  
4 28 distributed must equal at least seventy-five percent of the  
4 29 net receipts. A person desiring to hold the net receipts for  
4 30 a period longer than permitted under this paragraph shall  
4 31 apply to the department for special permission and upon good  
4 32 cause shown the department may grant the request.

4 33 Sec. 9. Section [99B.7](#), Code 1999, is amended by adding the  
4 34 following new subsection:

4 35 NEW SUBSECTION. 3A. If a licensee derives ninety percent  
5 1 or more of its total income from conducting bingo, raffles, or  
5 2 small games of chance, at least seventy-five percent of the  
5 3 licensee's net receipts shall be distributed to an unrelated  
5 4 entity for an educational, civic, public, charitable,  
5 5 patriotic, or religious use.

5 6 Sec. 10. Section [99B.7](#), subsection 6, paragraph a, Code  
5 7 1999, is amended to read as follows:

5 8 a. Except as provided in this paragraph, a person shall  
5 9 not be compensated for services rendered in connection with a  
5 10 game of skill, game of chance, or raffle conducted under this  
5 11 section. This section forbids payment of compensation to  
5 12 persons including, but not limited to, managers, callers,  
5 13 cashiers,

~~floor workers,~~

~~janitorial personnel, accountants and~~

5 14 bookkeepers. However, up to four floor workers per one  
5 15 hundred players, participating in the bingo occasion, may be  
5 16 employed. Any other payment of compensation to floor workers  
5 17 is prohibited. The privilege of selling merchandise on the  
5 18 premises during a bingo occasion is deemed to be compensation.  
5 19

~~However, not more than four persons per one hundred players,~~

5 20

~~participating in the bingo occasion may be employed.~~

~~An~~

5 21 employee under this paragraph need not be a member of the  
5 22 qualified organization or a regular participant in the  
5 23 activities of the qualified organization or in an educational,  
5 24 civic, public, charitable, patriotic, or religious  
5 25 organization to which the net receipts are dedicated by the  
5 26 qualified organization. The wages of an employee shall not  
5 27 exceed the federal minimum wage. This section does not  
5 28 prohibit the employment of one or more individuals to serve as

5 29 security officers. A person who knowingly pays or receives  
5 30 compensation in violation of this section commits a fraudulent  
5 31 practice.  
5 32 Sec. 11. Section [99B.8](#), Code 1999, is amended to read as  
5 33 follows:  
5 34 99B.8 ANNUAL GAME NIGHT.  
5 35 1. Games of skill, games of chance, card games, and  
6 1

~~raffles~~  
- ~~casino-type games other than slot machines may~~  
6 2 lawfully

~~may~~  
- be conducted during a period of twelve  
6 3 consecutive hours once each year by any person. The games

~~or~~

6 4

~~raffles~~  
- may be conducted at any location except one for which  
6 5 a license is required pursuant to section 99B.3 or section  
6 6 99B.5, but only if all of the following are complied with:  
6 7 a. The sponsor of the event has been issued a license  
6 8 pursuant to subsection 3 and prominently displays that license  
6 9 on the premises covered by the license.  
6 10 b. A bona fide social or employment relationship exists  
6 11 between the sponsor and all of the participants.  
6 12 c. No participant pays any consideration of any nature,  
6 13 either directly or indirectly, to participate in the games

~~or~~

6 14

~~raffles~~  
-  
6 15 d. All money or other items wagered are provided to the  
6 16 participant free by the sponsor.  
6 17 e. The person conducting the game

~~or raffle~~

- receives no  
6 18 consideration, either directly or indirectly, other than good  
6 19 will.  
6 20 f. During the entire time activities permitted by this  
6 21 section are being engaged in, no other gambling is engaged in  
6 22 at the same location.  
6 23 2. The other provisions of this section notwithstanding,  
6 24 if the games

~~or raffles~~

- are conducted by a qualified  
6 25 organization also licensed under section 99B.7, the sponsor  
6 26 may charge an entrance fee or a fee to participate in the  
6 27 games

~~or raffles~~

-, and participants may wager their own funds  
6 28 and pay an entrance or other fee for participation, provided  
6 29 that a participant may not expend more than a total of fifty  
6 30 dollars for all fees and wagers. The provisions of section  
6 31 99B.7, subsection 3, paragraphs "b" and "c", shall apply to  
6 32 games

~~and raffles~~

- conducted by a qualified organization

6 33 pursuant to this section.

6 34 3. The department of inspections and appeals may issue a  
6 35 license pursuant to this section only once during a calendar  
7 1 year to any one person. The license may be issued only upon  
7 2 submission to the department of an application and a license  
7 3 fee of twenty-five dollars.

7 4 4. However, an organization may sponsor one or more game  
7 5 nights using play money for participation by students without  
7 6 the organization obtaining a license otherwise required by  
7 7 this section if the organization obtains prior approval for  
7 8 the game night from the board of directors of the accredited  
7 9 public school or the authorities in charge of the nonpublic  
7 10 school accredited by the state board of education for whose  
7 11 students the game night is to be held.

7 12 5. However, notwithstanding subsection 1, paragraphs "b"  
7 13 and "c", if the games

~~or raffles~~

- are conducted by a qualified

7 14 organization issued a license pursuant to subsection 3, the  
7 15 sponsor may charge an entrance fee to a participant and the  
7 16 sponsor need not have a bona fide social relationship with the  
7 17 participant.

7 18 Sec. 12. NEW SECTION. 99B.22 FEES.

7 19 All gambling license application fees received by the  
7 20 department shall be retained by and are appropriated to the  
7 21 inspections division to carry out its regulatory functions.

7 22 EXPLANATION

7 23 This bill amends Code chapter 99B, games of skill or  
7 24 chance, and raffles.

7 25 Code section 99B.1, definitions, is amended by adding the  
7 26 definition of "unrelated entity" for use in determining the  
7 27 type of entity to which a percentage of total income must be  
7 28 distributed by a licensee.

7 29 Code sections 99B.2 and 99B.5 are amended to eliminate the  
7 30 small and annual raffle rules conducted at a fair.

7 31 Code section 99B.6 is amended to prohibit dice games in  
7 32 beer or liquor establishments.

7 33 Code section 99B.7 is amended to provide that a bingo  
7 34 licensee may only conduct one jackpot game per bingo occasion  
7 35 and may only conduct one jackpot game at a time; removes  
8 1 limitations on the value of merchandise prizes, removes the  
8 2 limitation on the cost of participation in a raffle, and  
8 3 removes the limitation of only one property raffle per  
8 4 calendar year for qualified organizations; specifies when net  
8 5 receipts are to be distributed by a qualified organization;  
8 6 and requires that a qualified organization licensee deriving  
8 7 90 percent of its total income from conducting bingo, raffles,  
8 8 or small games of skill or chance must distribute at least 75  
8 9 percent of its net receipts to an unrelated entity for  
8 10 educational, civic, public, charitable, patriotic, or  
8 11 religious use. The amendment to Code section 99B.7 also  
8 12 specifies that if personnel are employed for compensation,  
8 13 they are to be limited to four floor workers per 100 players  
8 14 in a bingo occasion.

8 15 Code section 99B.8 specifies the types of games which may  
8 16 be conducted at an annual game night and eliminates raffles  
8 17 from the types of games allowed.

8 18 New Code section 99B.22 provides for retention of gambling  
8 19 license application fees by and appropriation of these fees to  
8 20 the department of inspections and appeals, inspections  
8 21 division, to carry out regulatory functions.

8 22 LSB 5712DP 78

