

Senate Study Bill 1065

Bill Text

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1 1 Section 1. Section [99B.1](#), Code 2001, is amended by adding
1 2 the following new subsection:

1 3 NEW SUBSECTION. 19A. "Person" means an individual,
1 4 partnership, limited liability company, society, association,
1 5 joint-stock company, corporation, estate, receiver, lessee,
1 6 trustee, assignee, referee, or an entity acting in a fiduciary
1 7 or representative capacity, whether or not appointed by a
1 8 court or otherwise, or any combination of individuals.

1 9 Sec. 2. Section [99B.1](#), Code 2001, is amended by adding the
1 10 following new subsection:

1 11 NEW SUBSECTION. 22A. "Slot machine" means a mechanical,
1 12 electronic, or video gambling device into which a player
1 13 deposits coins, tokens, or currency and from which certain
1 14 credits, tickets, tokens, toys, or coins are paid out when a
1 15 particular, random configuration of symbols appears on the
1 16 reels, simulated reels, or screen of the device. A slot
1 17 machine may have a lever, buttons, or other means to activate
1 18 or stop the play. A skill stop machine or a pachislo machine
1 19 is a slot machine.

1 20 Sec. 3. Section [99B.2](#), subsection 3, paragraph e, Code
1 21 2001, is amended to read as follows:

1 22 e. Except as permitted by subsection 3, paragraph "a",
1 23 gross receipts derived from the conduct of bingo shall not be
1 24 commingled with other funds of the licensed organization.

1 25

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

~~-~~
1 26

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

~~-~~
1 27

~~account maintained by the licensed organization.~~

~~-~~
1 28 Sec. 4. Section [99B.5](#), subsection 1, paragraphs d and g,
1 29 Code 2001, are amended by striking the paragraphs.

1 30 Sec. 5. Section [99B.5](#), subsection 3, unnumbered paragraph
1 31 1, is amended to read as follows:

1 32 A licensee under this section may hold

~~one~~

~~- a real property~~

1 33 raffle

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

~~-~~
1 34

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

~~-~~
1 35

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

~~- if all of~~

2 1 the following requirements are met:
2 2 Sec. 6. Section 99B.5, subsection 3, paragraph c, is
2 3 amended to read as follows:
2 4 c. All other requirements of this section and section
2 5 99B.2 are met

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

2 6

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

2 7 Sec. 7. Section [99B.6](#), Code 2001, is amended by adding the
2 8 following new subsection:

2 9 NEW SUBSECTION. 7A. With the exception of backgammon or
2 10 other similar board games specified by rule of the department,
2 11 any game involving the use of dice is prohibited.

2 12 Sec. 8. Section [99B.7](#), subsection 1, paragraph c,
2 13 unnumbered paragraph 1, Code 2001, is amended to read as
2 14 follows:

2 15 Cash or merchandise prizes may be awarded in the game of
2 16 bingo and, except as otherwise provided in this paragraph,
2 17 shall not exceed one hundred dollars. Merchandise prizes may
2 18 be awarded in the game of bingo, but the actual retail value
2 19 of the prize, or if the prize consists of more than one item,
2 20 unit or part, the aggregate retail value of all items, units
2 21 or parts, shall not exceed the maximum provided by this
2 22 paragraph. A bingo licensee may conduct one jackpot game per
2 23 bingo occasion and may only conduct one jackpot game at a
2 24 time. In a jackpot bingo game,

~~may be conducted once during~~

2 25

~~any twenty four hour period in which~~

~~the prize may begin at~~

2 26 not more than three hundred dollars in cash or actual retail
2 27 value of merchandise prizes and may be increased by not more
2 28 than one hundred dollars after each bingo occasion. However,
2 29 the cost of play in a jackpot bingo game shall not be
2 30 increased and the jackpot shall not amount to more than eight
2 31 hundred dollars in cash or actual retail value of merchandise
2 32 prizes. A jackpot bingo game is not prohibited by paragraph
2 33 "h". A bingo occasion shall not last for longer than four
2 34 consecutive hours. A qualified organization shall not hold
2 35 more than fourteen bingo occasions per month. Bingo occasions
3 1 held under a limited license shall not be counted in
3 2 determining whether a qualified organization has conducted
3 3 more than fourteen bingo occasions per month, nor shall bingo
3 4 occasions held under a limited license be limited to four
3 5 consecutive hours. With the exception of a limited license
3 6 bingo, no more than three bingo occasions per week shall be
3 7 held within a structure or building and only one person
3 8 licensed to conduct games under this section may hold bingo
3 9 occasions within a structure or building. A licensed
3 10 qualified organization shall not conduct free games.

3 11 Sec. 9. Section [99B.7](#), subsection 1, paragraph d, Code
3 12 2001, is amended to read as follows:

3 13 d. Cash prizes shall not be awarded in games other than
3 14 bingo and raffles.

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

3 15

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

3 16

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

3 17

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

3 18

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

3 19

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

3 20

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

3 21

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

3 22

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

3 23

~~donor.~~

3 24 Sec. 10. Section [99B.7](#), subsection 1, paragraph e, Code
3 25 2001, is amended by striking the paragraph.

3 26 Sec. 11. Section [99B.7](#), subsection 1, paragraph l,
3 27 subparagraph (2), Code 2001, is amended to read as follows:

3 28 (2) No free prize or other gift is given to a participant.
3 29 However, at a bingo occasion one or more door prizes of a
3 30 value not to exceed ten dollars each may be given by random
3 31 drawing. [Bingo cards or games shall not be given away free or](#)
3 32 as a door prize.

3 33 Sec. 12. Section [99B.7](#), subsection 1, paragraph m,
3 34 subparagraph (1), Code 2001, is amended to read as follows:

3 35 (1) The organization is

~~eligible for exemption~~

~~exempt from~~

4 1 federal income taxes under section 501(c)(3), 501(c)(4),
4 2 501(c)(5), 501(c)(6), 501(c)(7), 501(c)(8), 501(c)(10), or
4 3 501(c)(19) of the Internal Revenue Code as defined in section
4 4 422.3, the organization is an agency or instrumentality of the
4 5 United States government, this state, or a political
4 6 subdivision of this state, or, in lieu of

~~eligibility for~~

~~the~~

4 7 exemption from federal income taxes, the organization is a
4 8 parent-teacher organization or booster club that is recognized
4 9 as a fund-raiser and supporter for a school district organized
4 10 pursuant to chapter 274 or for a school within the school
4 11 district, in a notarized letter signed by the president of the
4 12 board of directors, the superintendent of the school district,
4 13 or a principal of a school within that school district.

4 14 Sec. 13. Section [99B.7](#), subsection 1, paragraph q,
4 15 unnumbered paragraph 1, Code 2001, is amended to read as
4 16 follows:

4 17 A licensee under this section may hold

~~one~~

~~a real property~~

4 18 raffle

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

4 19

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

4 20

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

~~, if all of~~

4 21 the following requirements are met:

4 22 Sec. 14. Section [99B.7](#), subsection 1, paragraph q,

4 23 subparagraph (3), Code 2001, is amended to read as follows:

4 24 (3) All other requirements of this section and section

4 25 99B.2 are met

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

4 26

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

4 27 Sec. 15. Section [99B.7](#), subsection 3, paragraph c,

4 28 unnumbered paragraph 1, Code 2001, is amended to read as

4 29 follows:

4 30 A qualified organization shall distribute amounts awarded

4 31 as prizes on the day they are won. A qualified organization

4 32 shall dedicate and distribute the balance of the net receipts

4 33 received within a quarter and remaining after deduction of

4 34 reasonable expenses, charges, fees, taxes, and deductions

4 35 allowed by this chapter

~~, before the quarterly report required~~

5 1

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

5 2 within thirty days following the end of each calendar quarter

5 3 during which the gambling occurred. The amount dedicated and

5 4 distributed must equal at least seventy-five percent of the

5 5 net receipts. A person desiring to hold the net receipts for

5 6 a period longer than permitted under this paragraph shall

5 7 apply to the department for special permission and upon good

5 8 cause shown the department may grant the request.

5 9 Sec. 16. Section [99B.7](#), subsection 4, Code 2001, is

5 10 amended to read as follows:

5 11 4. If, during a calendar quarter, a licensee derives

5 12 ninety percent or more of its total income from conducting

5 13 bingo, raffles, or small games of chance, at least seventy-

5 14 five percent of the licensee's net receipts for the calendar

5 15 quarter shall be distributed to an unrelated entity for an

5 16 educational, civic, public, charitable, patriotic, or

5 17 religious use. This subsection shall not apply to a licensee

5 18 with gross gambling receipts of less than seventy-five

5 19 thousand dollars in a calendar quarter.

5 20 Sec. 17. Section [99B.7](#), subsection 7, paragraph a, Code

5 21 2001, is amended to read as follows:

5 22 a. Except as provided in this paragraph, a person shall

5 23 not be compensated for services rendered in connection with a

5 24 game of skill, game of chance, or raffle conducted under this

5 25 section. This section forbids payment of compensation to
5 26 persons including, but not limited to, managers, callers,
5 27 cashiers, floor workers, janitorial personnel, accountants and
5 28 bookkeepers. The privilege of selling merchandise on the
5 29 premises during a bingo occasion is deemed to be compensation.
5 30 However, not more than four

~~persons~~

- floor workers per one

5 31 hundred players, participating in the bingo occasion may be
5 32 employed. An employee under this paragraph need not be a
5 33 member of the qualified organization or a regular participant
5 34 in the activities of the qualified organization or in an
5 35 educational, civic, public, charitable, patriotic, or
6 1 religious organization to which the net receipts are dedicated
6 2 by the qualified organization. The wages of an employee shall
6 3 not exceed the federal minimum wage. This section does not
6 4 prohibit the employment of one or more individuals to serve as
6 5 security officers. A person who knowingly pays or receives
6 6 compensation in violation of this section commits a fraudulent
6 7 practice.

6 8 Sec. 18. Section 99B.7A, Code 2001, is amended to read as
6 9 follows:

6 10 99B.7A MANUFACTURERS AND DISTRIBUTORS OF BINGO EQUIPMENT
6 11 AND SUPPLIES LICENSE RECORDS.

6 12 1. A person shall not engage in business as a manufacturer
6 13 or a distributor of bingo equipment and supplies in this state
6 14 without first obtaining a license from the department. Upon
6 15 receipt of an application and a fee of one thousand dollars
6 16 for a manufacturer's license or a fee of five hundred dollars
6 17 for a distributor's license, the department shall issue an
6 18 annual license as applicable. The application shall be
6 19 submitted on forms furnished by the department and contain the
6 20 information required by rule of the department. A license may
6 21 be renewed annually upon payment of the annual license fee and
6 22 compliance with this chapter.

6 23 2. A licensed distributor shall keep a complete set of
6 24 records which shall include all details of all activities of
6 25 the distributor related to the conduct of the licensed
6 26 activity as may be required by the department, including the
6 27 quantities and types of all bingo equipment and supplies
6 28 purchased and sold. The records shall be available upon
6 29 request for inspection by the department. All records
6 30 required by the department shall be maintained for at least
6 31 three years after the last day of the distributor's fiscal
6 32 year.

6 33 3. The department may require by rule periodic reporting
6 34 from a licensed distributor relative to the distributor's
6 35 bingo activities in this state.

7 1 Sec. 19. Section 99B.8, subsection 1, unnumbered paragraph
7 2 1, Code 2001, is amended to read as follows:

7 3 Games of skill, games of chance, card games, and

~~raffles~~

- casino-type games other than slot machines lawfully may be
7 4 conducted during a period of twelve consecutive hours once
7 5 each year by any person. The games

~~or raffles~~

- may be

7 7 conducted at any location except one for which a license is
7 8 required pursuant to section 99B.3 or section 99B.5, but only
7 9

~~if all of the following are complied with~~

- upon compliance with

7 10 all of the following requirements:

7 11 Sec. 20. Section [99B.8](#), subsection 1, paragraphs c and e,
7 12 Code 2001, are amended to read as follows:

7 13 c. No participant pays any consideration of any nature,
7 14 either directly or indirectly, to participate in the games

~~or~~

7 15

~~raffles~~

7 16 e. The person conducting the game

~~or raffle~~

- receives no

7 17 consideration, either directly or indirectly, other than good
7 18 will.

7 19 Sec. 21. Section [99B.8](#), subsections 2 and 5, Code 2001,
7 20 are amended to read as follows:

7 21 2. The other provisions of this section notwithstanding,
7 22 if the games

~~or raffles~~

- are conducted by a qualified

7 23 organization also licensed under section 99B.7, the sponsor
7 24 may charge an entrance fee or a fee to participate in the
7 25 games

~~or raffles~~

-, and participants may wager their own funds

7 26 and pay an entrance or other fee for participation, provided
7 27 that a participant may not expend more than a total of fifty
7 28 dollars for all fees and wagers. The provisions of section
7 29 99B.7, subsection 3, paragraphs "b" and "c", shall apply to
7 30 games

~~and raffles~~

- conducted by a qualified organization

7 31 pursuant to this section.

7 32 5. However, notwithstanding subsection 1, paragraphs "b"
7 33 and "c", if the games

~~or raffles~~

- are conducted by a qualified

7 34 organization issued a license pursuant to subsection 3, the
7 35 sponsor may charge an entrance fee to a participant and the
8 1 sponsor need not have a bona fide social relationship with the
8 2 participant.

8 3 Sec. 22. Section [99B.10](#), Code 2001, is amended by adding
8 4 the following new unnumbered paragraph:

8 5 NEW UNNUMBERED PARAGRAPH. The use of a slot machine or
8 6 gambling device approved for use at an excursion gambling boat
8 7 or racetrack as an amusement device is prohibited and shall be
8 8 considered illegal gambling under section 725.9.

8 9 Sec. 23. Section [99B.11](#), subsection 2, paragraph a, Code
8 10 2001, is amended to read as follows:

8 11 a. Athletic or sporting contests, leagues or tournaments,
8 12 rodeos, horse shows, golf, bowling, trap or skeet shoots, fly
8 13 casting, tractor pulling, rifle, pistol, musket, muzzle-
8 14 loader, pool, darts, archery and horseshoe contests, leagues
8 15 or tournaments.

8 16 Sec. 24. Section [99B.12](#), subsection 2, paragraph a, Code
8 17 2001, is amended to read as follows:

8 18 a. Card and parlor games, including but not limited to
8 19 poker, pinochle, pitch, gin rummy, bridge, euchre, hearts,
8 20 cribbage, dominoes, checkers, chess, backgammon, pool, and

8 21 darts. However, it shall be unlawful gambling for any person
8 22 to engage in bookmaking, or to play any punchboard, pushcard,
8 23 pull-tab or slot machine, or to play craps, chuck-a-luck,
8 24 roulette, klondike, blackjack, chemin de fer, baccarat, faro,
8 25 equality, three-card monte or any other game, except poker,
8 26 which is customarily played in gambling casinos and in which
8 27 the house customarily provides a banker, dealer or croupier to
8 28 operate the game, or a specially designed table upon which to
8 29 play same.

8 30 Sec. 25. Section [99B.15](#), Code 2001, is amended to read as
8 31 follows:

8 32 99B.15 APPLICABILITY OF CHAPTER

~~PENALTY~~

~~- PENALTIES.~~

8 33 1. It is the intent and purpose of this chapter to
8 34 authorize gambling in this state only to the extent
8 35 specifically permitted by a section of this chapter or chapter
9 1 99D, 99E, or 99F. Except as otherwise provided in this
9 2 chapter, the knowing failure of any person to comply with the
9 3 limitations imposed by this chapter constitutes unlawful
9 4 gambling, a serious misdemeanor.

9 5 2. If the department determines that a licensee under this
9 6 chapter is in violation of any provision of this chapter or
9 7 rules adopted pursuant to this chapter, the department may
9 8 impose on the licensee a civil penalty of up to five thousand
9 9 dollars for each violation. Notwithstanding section 8.33,
9 10 civil penalties imposed and collected by the department under
9 11 this chapter shall not revert to the general fund of the
9 12 state. The moneys from the civil penalties are appropriated
9 13 for use by the department for the regulation and enforcement
9 14 of this chapter.

9 15 Sec. 26. Section [99B.18](#), unnumbered paragraph 1, Code
9 16 2001, is amended to read as follows:

9 17 Games of skill, games of chance, and card games

~~and raffles~~

9 18 may be conducted on premises either licensed or unlicensed and
9 19 no license fee shall be required therefore provided a bona
9 20 fide social, employment, trade or professional association
9 21 relationship exists between the sponsors and the participants
9 22 and the participants pay no consideration of any nature,
9 23 either directly or indirectly, to participate in the games

~~or~~

9 24

~~raffles~~

~~-, and only play money or other items of no intrinsic
9 25 value which may be wagered are provided to the participant
9 26 free, and the sponsor conducting the game~~

~~or raffle~~

~~- receives~~

~~9 27 no consideration, either directly or indirectly, other than
9 28 goodwill.~~

9 29

EXPLANATION

9 30 This bill amends Code chapter 99B relating to the
9 31 regulation of games of skill or chance, and raffles.

9 32 Code section 99B.1 is amended to add two definitions.

9 33 "Slot machine" and "person" are defined.

9 34 Code section 99B.2 is amended to remove a restriction on

9 35 the transfer of the gross receipts from one account to another
10 1 account of a licensed bingo organization.

10 2 Code sections 99B.5 and 99B.7 are amended to strike

10 3 restrictions on the cost of raffle tickets issued by fairs and
10 4 qualified organizations and the value of raffle prizes. The
10 5 one-dollar maximum cost of a raffle ticket for small raffles
10 6 is stricken and the \$200 prize value for fairs and \$1,000
10 7 prize value for qualified organizations are removed. Also,
10 8 more than one real estate raffle may be conducted annually.

10 9 Code section 99B.6 is amended to allow the use of dice for
10 10 backgammon and similar games specified by rule in beer or
10 11 liquor establishments having gambling licenses.

10 12 Code section 99B.7 is amended to allow one jackpot game to
10 13 be conducted per bingo occasion and, if the jackpot game is
10 14 not won at a bingo occasion, the jackpot shall be carried over
10 15 to a succeeding bingo occasion. Only one jackpot game shall
10 16 be conducted at a bingo occasion. Bingo cards or games shall
10 17 not be given free or as a door prize at a bingo establishment.

10 18 Code section 99B.7 is also amended to add an agency or
10 19 instrumentality of the United States government, this state,
10 20 or a political subdivision of this state to the list of public
10 21 entities which are qualified to conduct games of skill or
10 22 chance and raffles.

10 23 Code section 99B.7 is also amended to specify that a
10 24 qualified organization shall submit its calendar quarterly
10 25 report within 30 days after the end of each calendar quarter
10 26 during which gambling occurred. If a licensee derives 90
10 27 percent of its income from gambling activities during a
10 28 calendar quarter but the income does not exceed \$75,000, the
10 29 requirement of distributing at least 75 percent of the net
10 30 income to an unrelated entity for an educational, civic,
10 31 public, charitable, patriotic, or religious use does not
10 32 apply. A qualified organization may employ not more than four
10 33 floor workers per 100 players.

10 34 Code section 99B.7A is amended to require a licensed
10 35 distributor of bingo equipment and supplies to keep a complete
11 1 set of records of business activities related to the conduct
11 2 of the licensed activity. The records shall be open to
11 3 inspection by the department of inspection and appeals and
11 4 shall be maintained for at least three years after the close
11 5 of the distributor's fiscal year.

11 6 Code section 99B.8 is amended to remove raffles as a
11 7 gambling activity which may be conducted under an annual game
11 8 night license.

11 9 Code section 99B.10 is amended to provide that a slot
11 10 machine or gambling device approved for use on an excursion
11 11 gambling boat or at a racetrack is not an amusement device.
11 12 The use of a slot machine or gambling device approved for use
11 13 on an excursion gambling boat or at a racetrack as an
11 14 amusement device constitutes illegal gambling under Code
11 15 section 725.9, a serious misdemeanor.

11 16 Code section 99B.11 is amended to allow pool and darts to
11 17 be bona fide contests.

11 18 Code section 99B.12 is amended to allow pool to be added as
11 19 a lawful game between individuals.

11 20 Code section 99B.15 is amended to authorize the department
11 21 of inspections and appeals to impose a civil penalty not to
11 22 exceed \$5,000 for a violation of Code chapter 99B and to
11 23 retain the civil penalty to pay for regulatory and enforcement
11 24 activities related to social and charitable gambling.

11 25 Code section 99B.18 is amended to strike raffles as a game
11 26 which may be conducted at a company, trade, or professional
11 27 organization event.

11 28 LSB 1175DP 79

11 29 tj/pj/5.1