

MAR 8 2004  
WAYS AND MEANS

Withdrawn  
4/5/04

HOUSE FILE 2501  
BY COMMITTEE ON STATE GOVERNMENT  
  
(SUCCESSOR TO HF 2114)

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

**A BILL FOR**

1 An Act relating to electrical and mechanical amusement devices  
2 that are required to be registered with the department of  
3 inspections and appeals, establishing fees, making an  
4 appropriation, making penalties applicable, and including an  
5 effective and retroactive applicability provision.

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

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HF 2501

1 Section 1. Section 99B.6, subsection 1, paragraph k, Code  
2 Supplement 2003, is amended to read as follows:

3 k. A person under the age of twenty-one years shall not  
4 participate in the gambling, including the operation of an  
5 electrical and mechanical amusement device required to be  
6 registered as provided in section 99B.10, subsection 4, except  
7 pursuant to sections 99B.3, 99B.4, 99B.5, and 99B.7. A person  
8 who violates this paragraph with respect to a person under the  
9 age of twenty-one operating an electrical and mechanical  
10 amusement device commits a scheduled violation under section  
11 805.8C, subsection 4. Any licensee knowingly allowing a  
12 person under the age of twenty-one to participate in the  
13 gambling prohibited by this paragraph or any person knowingly  
14 participating in gambling with a person under the age of  
15 twenty-one is guilty of a simple misdemeanor.

16 Sec. 2. Section 99B.10, subsection 4, Code Supplement  
17 2003, is amended to read as follows:

18 4. Each electrical and mechanical amusement device in  
19 operation or distributed in this state that awards a prize, as  
20 provided in this section, where the outcome is not primarily  
21 determined by the skill or knowledge of the operator, is  
22 registered by the department as provided by this subsection.  
23 For an organization that meets the requirements of section  
24 99B.7, subsection 1, paragraph "m", no more than four, and for  
25 all other persons, but only at a location for which a class  
26 "A", class "B", class "C", or class "D" liquor control license  
27 or class "B" beer permit has been issued pursuant to chapter  
28 123, no more than two electrical and mechanical amusement  
29 devices registered as provided by this subsection shall be  
30 permitted or offered for use in any single location or  
31 premises. Each person owning an electrical and mechanical  
32 amusement device in this state shall obtain a registration tag  
33 for each electrical and mechanical amusement device owned that  
34 is required to be registered as provided in this subsection.  
35 Upon receipt of an application and a fee of twenty-five

1 dollars for each device required to be registered, the  
2 department shall issue an annual registration tag which tag  
3 shall be displayed as required by rules adopted by the  
4 department. The application shall be submitted on forms  
5 designated by the department and contain the information  
6 required by rule of the department. A registration may be  
7 renewed annually upon submission of a registration application  
8 and payment of the annual registration fee and compliance with  
9 this chapter and the rules adopted pursuant to this chapter.  
10 A person owning or leasing an electrical and mechanical  
11 amusement device required to be registered under this  
12 subsection shall only own or lease an electrical and  
13 mechanical amusement device that is required to be registered  
14 that has been purchased from a manufacturer, manufacturer's  
15 representative, or distributor registered with the department  
16 under section 99B.10A and shall not advertise or promote the  
17 availability of the device to the public as anything other  
18 than an electrical and mechanical amusement device pursuant to  
19 rules adopted by the department.

20 Sec. 3. Section 99B.10, Code Supplement 2003, is amended  
21 by adding the following new subsection:

22 NEW SUBSECTION. 5A. Each electrical or mechanical  
23 amusement device required to be registered as provided by this  
24 section shall, by January 1, 2006, include on the device a  
25 counting mechanism which establishes the volume of business of  
26 the device. The department shall have access to the  
27 information provided by the counting mechanism.

28 Sec. 4. Section 99B.10A, Code Supplement 2003, is amended  
29 to read as follows:

30 99B.10A MANUFACTURERS AND DISTRIBUTORS OF ELECTRICAL AND  
31 MECHANICAL AMUSEMENT DEVICES -- REGISTRATION.

32 1. A person engaged in business in this state as a  
33 manufacturer, manufacturer's representative, ~~or~~ distributor,  
34 or for-profit owner of electrical and mechanical amusement  
35 devices required to be registered as provided in section

1 99B.10, subsection 4, shall register with the department.  
2 Each person who registers with the department under this  
3 section shall pay an annual registration fee ~~of two thousand~~  
4 ~~five hundred dollars~~ in an amount as provided in subsection 2.  
5 Registration shall be submitted on forms designated by the  
6 department that shall contain the information required by the  
7 department by rule. The department shall adopt rules  
8 providing for the submission of information to the department  
9 by a person registered pursuant to this section if information  
10 in the initial registration is changed, including  
11 discontinuing the business in this state. For purposes of  
12 this section, a distributor means an organization or person  
13 that meets the requirements of section 99B.7, subsection 1,  
14 paragraph "m", that owns more than four, and all other persons  
15 that own more than two, electrical and mechanical amusement  
16 devices registered as provided in section 99B.10, subsection  
17 4.

18 2. For purposes of this section, the annual registration  
19 fee shall be as follows:

20 a. For a manufacturer or manufacturer's representative,  
21 two thousand five hundred dollars.

22 b. For a distributor, five thousand dollars.

23 c. For an owner of no more than two electrical and  
24 mechanical amusement devices registered as provided in section  
25 99B.10, subsection 4, that is not an organization that meets  
26 the requirements of section 99B.7, subsection 1, paragraph  
27 "m", two thousand five hundred dollars.

28 Sec. 5. Section 99B.10B, Code Supplement 2003, is amended  
29 to read as follows:

30 99B.10B REVOCATION OF REGISTRATION -- ELECTRICAL AND  
31 MECHANICAL AMUSEMENT DEVICES.

32 1. The department may revoke a registration issued  
33 pursuant to section 99B.10 or 99B.10A, for a period not to  
34 exceed two years, for cause, following at least ten days'  
35 written notice and opportunity for an evidentiary hearing,

1 pursuant to rules adopted by the department. The rules shall  
2 provide that a registration may be revoked if the registrant  
3 or agent of the registrant violates, or permits a violation,  
4 of section 99B.10 or 99B.10A, violates any rule adopted by the  
5 department under this chapter that the department determines  
6 should warrant revocation of the registration, or engages in  
7 any act or omission that would have permitted the department  
8 to refuse to issue a registration under section 99B.10 or  
9 99B.10A.

10 2. The department shall revoke a registration issued  
11 pursuant to section 99B.10 or 99B.10A, for a period of ten  
12 years following at least ten days' written notice and  
13 opportunity for an evidentiary hearing, if a person awards a  
14 cash prize in violation of section 99B.10, subsection 1,  
15 pursuant to rules adopted by the department. A person whose  
16 registration is revoked under this subsection who is a person  
17 for which a class "A", class "B", class "C", or class "D"  
18 liquor control license or class "B" beer permit has been  
19 issued pursuant to chapter 123 shall have the person's liquor  
20 control license or beer permit suspended for a period of  
21 fourteen days in the same manner as provided in section  
22 123.50, subsection 3, paragraph "a".

23 Sec. 6. Section 805.8C, Code 2003, is amended by adding  
24 the following new subsection:

25 NEW SUBSECTION. 4. ELECTRICAL AND MECHANICAL AMUSEMENT  
26 DEVICE VIOLATIONS. For violations of legal age for operating  
27 an electrical and mechanical amusement device required to be  
28 registered as provided in section 99B.10, subsection 4,  
29 pursuant to section 99B.6, subsection 1, paragraph "k", the  
30 scheduled fine is two hundred fifty dollars. Failure to pay  
31 the fine by a person under the age of eighteen shall not  
32 result in the person being detained in a secure facility.

33 Sec. 7. 2003 Iowa Acts, chapter 147, section 5, is amended  
34 to read as follows:

35 SEC. 5. ELECTRICAL AND MECHANICAL AMUSEMENT DEVICES --

1 SPECIAL FUND. Fees collected by the department of inspections  
2 and appeals pursuant to section sections 99B.10 and 99B.10A  
3 for the fiscal years beginning July 1, 2003, and July 1, 2004,  
4 shall be deposited in a special fund created in the state  
5 treasury. Moneys in the fund are appropriated to the  
6 department of inspections and appeals and the department of  
7 public safety for administration and enforcement of sections  
8 99B.10 and 99B.10A, including employment of necessary  
9 personnel. The distribution of moneys in the fund to the  
10 department of inspections and appeals and the department of  
11 public safety shall be pursuant to a written policy agreed  
12 upon by the departments. Notwithstanding section 12C.7,  
13 subsection 2, interest or earnings on moneys deposited in the  
14 fund shall be credited to the fund.

15 Sec. 8. EFFECTIVE DATE -- RETROACTIVE APPLICABILITY. The  
16 section of this Act amending 2003 Iowa Acts, chapter 147,  
17 section 5, being deemed of immediate importance, takes effect  
18 upon enactment and is retroactively applicable to July 1,  
19 2003, and is applicable on and after that date.

20 EXPLANATION

21 This bill concerns electrical and mechanical amusement  
22 devices that award prizes not based upon any skill and that  
23 are required to be registered with the department of  
24 inspections and appeals.

25 Code section 99B.6 is amended to provide that, in places  
26 where certain liquor control licenses are issued, a person  
27 under the age of 21 cannot operate an electrical and  
28 mechanical amusement device required to be registered and a  
29 licensee cannot knowingly allow a person under age 21 to  
30 operate a device. The change provides that a person under age  
31 21 that violates this provision commits a scheduled violation.  
32 Code section 805.8C is amended to provide that the scheduled  
33 fine is \$250.

34 Code section 99B.10, subsection 4, is amended to provide  
35 that an electrical and mechanical amusement device required to

1 be registered can only be located on a premises that is not a  
2 nonprofit organization at a location for which certain liquor  
3 control licenses and beer permits allowing for the sale of  
4 liquor or beer have been issued.

5 Code section 99B.10, subsection 4, is also amended to  
6 provide that a person owning or leasing an electrical and  
7 mechanical amusement device required to be registered shall  
8 not advertise the availability of the device as other than an  
9 electrical and mechanical amusement device pursuant to rules  
10 adopted by the department of inspections and appeals.

11 Code section 99B.10 is amended by adding a new subsection  
12 that provides that each electrical or mechanical amusement  
13 device that is required to be registered shall, by January 1,  
14 2006, include a counting mechanism on the device. The change  
15 provides that the department of inspections and appeals shall  
16 have access to information on the counting mechanism.

17 Code section 99B.10A, providing for the registration of  
18 electrical and mechanical amusement devices by manufacturers  
19 and distributors, is amended. The change provides that the  
20 registration and fee requirements of this section apply to  
21 for-profit owners of these devices. In addition, a  
22 distributor is defined to mean an organization or person that  
23 is not-for-profit that owns more than four devices and all  
24 other persons that own more than two devices. The bill then  
25 provides that the current \$2,500 annual registration fee  
26 applies to manufacturers, manufacturer's representatives, and  
27 for-profit owners of two or fewer devices. The bill provides  
28 that the annual registration fee for distributors shall be  
29 \$5,000.

30 Code section 99B.10B, concerning revocation of registration  
31 for electrical and mechanical amusement devices, is amended to  
32 provide that the department shall revoke the registration of a  
33 person for 10 years if the person awards a cash prize from the  
34 operation of an electrical and mechanical amusement device.  
35 In addition, the change provides that the same person's liquor

1 control license or beer permit would be suspended for a period  
2 of 14 days.

3 2003 Iowa Acts, chapter 147, section 5, which established a  
4 special fund concerning electrical and mechanical amusement  
5 devices, is amended to provide that the registration fees  
6 collected under Code section 99B.10A shall be deposited in the  
7 fund through June 30, 2005. Moneys in the fund are used by  
8 the department of inspections and appeals and the department  
9 of public safety for enforcement. The change in this  
10 provision is effective immediately and retroactively  
11 applicable to July 1, 2003.

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