

# House Study Bill 162

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED DEPARTMENT OF  
INSPECTIONS AND APPEALS BILL)

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

## A BILL FOR

1 An Act concerning social and charitable gambling, including the  
2 regulation of cash raffles at fairs, prohibiting raffles at  
3 annual game nights, establishing a permanent electrical and  
4 mechanical amusement devices special fund and providing an  
5 appropriation, and providing for the denial, suspension, and  
6 revocation of certain gambling licenses by the department of  
7 inspections and appeals.  
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
9 TLSB 1261DP 81  
10 ec/sh/8

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1 1 Section 1. Section 99B.5, subsection 1, paragraphs e and  
1 2 g, Code 2005, are amended to read as follows:  
1 3 e. Except with respect to an annual raffle as provided in  
1 4 paragraph "g", and subsection 3, cash prizes are not awarded  
1 5 and merchandise prizes are not repurchased.  
1 6 g. The actual retail value of any prize does not exceed  
1 7 one thousand dollars. If a prize consists of more than one  
1 8 item, unit, or part, the aggregate retail value of all items,  
1 9 units, or parts shall not exceed one thousand dollars.  
1 10 However, either a fair sponsor or a qualified organization,  
1 11 but not both, may hold one raffle per calendar year at which  
1 12 prizes having a combined value of more than one thousand  
1 13 dollars may be offered. If the prize for the annual raffle is  
1 14 cash, the total cash amount awarded shall not exceed two  
1 15 hundred thousand dollars. If the prize is merchandise, its  
1 16 value shall be determined by the purchase price paid by the  
1 17 fair sponsor or qualified organization.  
1 18 Sec. 2. Section 99B.5, subsection 3, unnumbered paragraph  
1 19 1, Code 2005, is amended to read as follows:  
1 20 A licensee under this section may hold one real property  
1 21 raffle per calendar year in lieu of the annual raffle  
1 22 authorized in subsection 1, paragraph "g", at which the value  
1 23 of the real property may exceed one thousand dollars in lieu  
1 24 of the or an annual raffle of cash as authorized in subsection  
1 25 1, paragraph "g", if the total cash amount awarded is one  
1 26 hundred thousand dollars or more, if all of the following  
1 27 applicable requirements are met:  
1 28 Sec. 3. Section 99B.5, subsection 3, paragraph a, Code  
1 29 2005, is amended to read as follows:  
1 30 a. The licensee has submitted the special real property or  
1 31 cash raffle license application and a fee of one hundred  
1 32 dollars to the department, has been issued a license, and  
1 33 prominently displays the license at the drawing area of the  
1 34 raffle.  
1 35 Sec. 4. Section 99B.5, subsection 4, Code 2005, is amended  
2 1 to read as follows:  
2 2 4. For each real property or cash raffle license issued  
2 3 pursuant to subsection 3, the department shall conduct a  
2 4 special audit of the raffle to verify compliance with the  
2 5 appropriate requirements of this chapter.  
2 6 Sec. 5. Section 99B.8, subsection 1, unnumbered paragraph  
2 7 1, Code 2005, is amended to read as follows:  
2 8 Games of skill, games of chance, and card games ~~and raffles~~  
2 9 lawfully may be conducted during a period of twelve  
2 10 consecutive hours once each year by any person. The games or  
2 11 ~~raffles~~ may be conducted at any location except one for which  
2 12 a license is required pursuant to section 99B.3 or section  
2 13 99B.5, but only if all of the following are complied with:  
2 14 Sec. 6. NEW SECTION. 99B.10D ELECTRICAL AND MECHANICAL

2 15 AMUSEMENT DEVICES == SPECIAL FUND.

2 16 Fees collected by the department pursuant to sections  
2 17 99B.10 and 99B.10A shall be deposited in a special fund  
2 18 created in the state treasury. Moneys in the fund are  
2 19 appropriated to the department of inspections and appeals and  
2 20 the department of public safety for administration and  
2 21 enforcement of sections 99B.10, 99B.10A, 99B.10B, and 99B.10C,  
2 22 including employment of necessary personnel. The distribution  
2 23 of moneys in the fund to the department of inspections and  
2 24 appeals and the department of public safety shall be pursuant  
2 25 to a written policy agreed upon by the departments.  
2 26 Notwithstanding section 12C.7, subsection 2, interest or  
2 27 earnings on moneys deposited in the fund shall be credited to  
2 28 the fund. Notwithstanding section 8.33, moneys remaining in  
2 29 the fund at the end of a fiscal year shall not revert to the  
2 30 general fund of the state.

2 31 Sec. 7. Section 99B.14, Code 2005, is amended to read as  
2 32 follows:

2 33 99B.14 ~~REVOCAION OF LICENSE DENIAL, SUSPENSION, AND~~  
2 34 ~~REVOCAION.~~

2 35 1. The department shall may deny, suspend, or revoke a  
3 1 license issued pursuant to this chapter if the department  
3 2 finds that an applicant, licensee, or an agent of the licensee  
3 3 violates or permits violated or permitted a violation of a  
3 4 provision of this chapter, or a departmental rule adopted  
3 5 pursuant to chapter 17A, or if a for any other cause exists  
3 6 for which the director of the department would be or would  
3 7 have been justified in refusing to issue a license, or upon  
3 8 the conviction of a person of a violation of this chapter or a  
3 9 rule adopted under this chapter which occurred on the licensed  
3 10 premises. However, the denial, suspension, or revocation of  
3 11 one type of gambling license does not require, but may result  
3 12 in, the denial, suspension, or revocation of a different type  
3 13 of gambling license held by the same licensee.

3 14 ~~Revocation proceedings shall be held only after giving~~  
3 15 ~~notice and an opportunity for hearing to the licensee. Notice~~  
3 16 ~~shall be given at least ten days in advance of the date set~~  
3 17 ~~for hearing. If the department finds cause for revocation,~~  
3 18 ~~the license shall be revoked for a period not to exceed two~~  
3 19 ~~years.~~

3 20 2. The process for denial, suspension, or revocation of a  
3 21 license shall commence by delivering to the applicant or  
3 22 licensee by certified mail, return receipt requested, or by  
3 23 personal service a notice setting forth the particular reasons  
3 24 for such action.

3 25 a. If a written request for a hearing is not received  
3 26 within thirty days after the mailing or service of the notice,  
3 27 the denial, suspension, or revocation of a license shall  
3 28 become effective pending a final determination by the  
3 29 department. The determination involved in the notice may be  
3 30 affirmed, modified, or set aside by the department in a  
3 31 written decision.

3 32 b. If a request for a hearing is timely received by the  
3 33 department, the applicant or licensee shall be given an  
3 34 opportunity for a prompt and fair hearing before the  
3 35 department and the denial, suspension, or revocation shall be  
4 1 deemed suspended until the department makes a final  
4 2 determination. However, the director may suspend a license  
4 3 prior to a hearing if the director finds that the public  
4 4 integrity of the licensed activity is compromised or there is  
4 5 a risk to public health, safety, or welfare. In addition, at  
4 6 any time during or prior to the hearing the department may  
4 7 rescind the notice of the denial, suspension, or revocation  
4 8 upon being satisfied that the reasons for the denial,  
4 9 suspension, or revocation have been or will be removed. On  
4 10 the basis of any such hearing, the determination involved in  
4 11 the notice may be affirmed, modified, or set aside by the  
4 12 department in a written decision.

4 13 3. A copy of the final decision of the department shall be  
4 14 sent by certified mail, return receipt requested, or served  
4 15 personally upon the applicant or licensee. The applicant or  
4 16 licensee may seek judicial review in accordance with the terms  
4 17 of the Iowa administrative procedure Act, chapter 17A.

4 18 4. The procedure governing hearings authorized by this  
4 19 section shall be in accordance with the rules promulgated by  
4 20 the department and chapter 17A.

4 21 5. If the department finds cause for denial of a license,  
4 22 the applicant may not reapply for the same license for a  
4 23 period of two years. If the department finds cause for  
4 24 suspension, the license shall be suspended for a period  
4 25 determined by the department. If the department finds cause

4 26 for revocation, the license shall be revoked for a period not  
4 27 to exceed two years.

EXPLANATION

4 28  
4 29 This bill concerns social and charitable gambling as  
4 30 provided for in Code chapter 99B.  
4 31 Code section 99B.5, concerning raffles at fairs, is amended  
4 32 to provide that the total amount awarded for an annual cash  
4 33 raffle is limited to a maximum of \$200,000. The bill also  
4 34 provides that if the cash to be awarded at a raffle is  
4 35 \$100,000 or more, the requirements applicable to real property  
5 1 raffles where the value of the real property exceeds \$1,000  
5 2 shall also apply. As a result, a licensee seeking to conduct  
5 3 a cash raffle of \$100,000 or more is required to get a special  
5 4 cash raffle license and the department of inspections and  
5 5 appeals is required to conduct a special audit of the raffle.  
5 6 Code section 99B.8 is amended to provide that raffles are  
5 7 not permitted at an annual game night.  
5 8 New Code section 99B.10D provides for the establishment of  
5 9 a permanent electrical and mechanical amusement devices  
5 10 special fund. The bill provides that fees collected by the  
5 11 department of inspections and appeals for amusement devices  
5 12 shall be deposited in the fund and shall be appropriated to  
5 13 the department of inspections and appeals and the department  
5 14 of public safety for administration and enforcement of  
5 15 provisions governing these amusement devices. A special fund  
5 16 currently exists for the same purpose, but that fund only  
5 17 provides for the deposit of fees collected in fiscal years  
5 18 beginning July 1, 2003, and July 1, 2004. The bill codifies  
5 19 and makes the fund permanent.  
5 20 Code section 99B.14 is amended to provide that the  
5 21 department of inspections and appeals has the authority to  
5 22 deny or suspend a license if the department finds that an  
5 23 applicant or licensee has violated a provision of Code chapter  
5 24 99B. Under current law, the department may only revoke a  
5 25 license for a violation of the chapter. The bill also  
5 26 provides for the administrative procedure the department shall  
5 27 follow if it intends to deny, revoke, or suspend a license.  
5 28 The bill includes provisions governing notice, requests for  
5 29 hearing, appeals, and penalties. The bill provides that the  
5 30 department may suspend a license pending a hearing if the  
5 31 director finds that the public integrity of the licensed  
5 32 activity is compromised or there is a risk to public health,  
5 33 safety, or welfare. The bill provides that hearings conducted  
5 34 by the department shall comply with the Iowa administrative  
5 35 procedure Act. The bill also provides that if an applicant  
6 1 for a license is denied, the applicant may not reapply for two  
6 2 years. In addition, if a license is suspended, the bill  
6 3 provides that the department shall determine the length of the  
6 4 suspension. Current law providing that a revocation remains  
6 5 in effect for no more than two years is unchanged by the bill.  
6 6 LSB 1261DP 81  
6 7 ec:nh/sh/8.1