

FILED MAR 02 2006

SENATE FILE 2314  
BY COMMITTEE ON STATE  
GOVERNMENT

(SUCCESSOR TO SF 2166)

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

**A BILL FOR**

1 An Act concerning the awarding of cash prizes for participation  
2 in a card or parlor game or tournament conducted by an  
3 organization primarily representing veterans.

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

5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21

SF 2314

1 Section 1. Section 99B.7, subsection 1, paragraph d,  
2 unnumbered paragraph 1, Code Supplement 2005, is amended to  
3 read as follows:

4 Cash prizes shall not be awarded in games other than bingo  
5 and raffles except as otherwise provided in this paragraph  
6 "d". The value of a prize shall not exceed ten thousand  
7 dollars and merchandise prizes shall not be repurchased. If a  
8 prize consists of more than one item, unit, or part, the  
9 aggregate value of all items, units, or parts shall not exceed  
10 ten thousand dollars. However, one raffle may be conducted  
11 per calendar year at which real property or one or more  
12 merchandise prizes having a combined value of more than ten  
13 thousand dollars may be awarded or cash prizes of up to a  
14 total of two hundred thousand dollars may be awarded.

15 Sec. 2. Section 99B.7, subsection 1, paragraph d, Code  
16 Supplement 2005, is amended by adding the following new  
17 unnumbered paragraph:

18 NEW UNNUMBERED PARAGRAPH. If the qualified organization  
19 conducting games under this section primarily represents  
20 veterans, then a participant in a card or parlor game or  
21 tournament conducted by the organization may win a cash prize  
22 so long as no participant in the game or tournament loses more  
23 than a total of fifty dollars or other consideration  
24 equivalent thereto or wins more than a total of two hundred  
25 dollars or other consideration equivalent thereto in one or  
26 more games or activities permitted by this section during any  
27 period of twenty-four consecutive hours.

28 EXPLANATION

29 This bill concerns card or parlor games conducted by  
30 qualified nonprofit organizations that primarily represent  
31 veterans. The bill provides an exception for these  
32 organizations to the general provision prohibiting the  
33 awarding of cash prizes for social games other than bingo and  
34 raffles. The bill provides that a participant in a card or  
35 parlor game or tournament conducted by an organization

1 representing veterans may lose no more than \$50 or win no more  
2 than \$200 from such a game or tournament in a 24-hour period.

- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29
- 30
- 31
- 32
- 33
- 34
- 35

**SENATE FILE 2314**

**S-5110**

1 Amend the amendment, S-5077, to Senate File 2314,  
2 as follows:  
3 1. Page 3, line 50, by inserting after the figure  
4 "99B.7B" the following: ", or a qualified  
5 organization that primarily represents volunteer  
6 emergency services providers as defined in section  
7 100B.11,".

**By** MARK ZIEMAN

**S-5110** FILED MARCH 21, 2006

ADOPTED

**SENATE FILE 2314**

**S-5115**

1 Amend the amendment, S-5077, to Senate File 2314 as  
2 follows:  
3 1. Page 3, line 50, by inserting after the figure  
4 "99B.7B" the following: ", or a qualified  
5 organization that is exempt from federal income tax  
6 under section 501(c)(3) of the Internal Revenue Code  
7 and that has conducted an annual game night during the  
8 period beginning January 1, 2001, and ending December  
9 31, 2005,".

**By** DAVE MULDER  
MARY A. LUNDBY

**S-5115** FILED MARCH 21, 2006

ADOPTED

SENATE FILE 2314

S-5042

1 Amend Senate File 2314 as follows:

2 1. By striking everything after the enacting  
3 clause and inserting the following:

4 "Section 1. NEW SECTION. 99B.7B CARD GAME  
5 TOURNAMENTS CONDUCTED BY QUALIFIED ORGANIZATIONS  
6 REPRESENTING VETERANS.

7 1. As used in this section, unless the context  
8 otherwise requires:

9 a. "Card game" includes poker, pinochle, pitch,  
10 gin rummy, bridge, euchre, hearts, and cribbage.

11 b. "Qualified organization representing veterans"  
12 means any licensed organization representing veterans  
13 which dedicates the net receipts of a game of skill,  
14 game of chance or raffle as provided in section 99B.7,  
15 is exempt from federal income taxes under section  
16 501(c)(19) of the Internal Revenue Code as defined in  
17 section 422.3, has an active membership of not less  
18 than twelve persons, and does not have a self-  
19 perpetuating governing body and officers.

20 2. Notwithstanding any provision of this chapter  
21 to the contrary, card game tournaments lawfully may be  
22 conducted by a qualified organization representing  
23 veterans if all of the following are complied with:

24 a. The organization conducting the card game  
25 tournament has been issued a license pursuant to  
26 subsection 4 and prominently displays that license in  
27 the playing area of the card game tournament.

28 b. The card games to be conducted during a card  
29 game tournament, including the rules of each card game  
30 and how winners are determined, shall be displayed  
31 prominently in the playing area of the card game  
32 tournament. Each card game shall be conducted in a  
33 fair and honest manner and shall not be operated on a  
34 build-up or pyramid basis. Every participant in a  
35 card game tournament must be given the same chances of  
36 winning the tournament and shall not be allowed any  
37 second chance entries or multiple entries in the card  
38 game tournament.

39 c. Participation in a card game tournament  
40 conducted by a qualified organization representing  
41 veterans shall be open to the public. The cost to  
42 participate in a card game tournament shall be limited  
43 to one hundred dollars and shall be the same for every  
44 participant in the card game tournament. Participants  
45 in a card game tournament shall be at least twenty-one  
46 years of age.

47 d. Cash or merchandise prizes may be awarded  
48 during a card game tournament and shall not exceed one  
49 thousand dollars and no participant shall win more  
50 than a total of two hundred fifty dollars. A

S-5042

1 qualified organization representing veterans shall  
2 distribute amounts awarded as prizes on the day they  
3 are won and merchandise prizes shall not be  
4 repurchased. An organization conducting a card game  
5 tournament shall only display prizes in the playing  
6 area of the card game tournament that can be won.

7 e. No person receives or has any fixed or  
8 contingent right to receive, directly or indirectly,  
9 any profit, remuneration, or compensation from or  
10 related to a game in a card game tournament, except  
11 any amount which the person may win as a participant  
12 on the same basis as the other participants.

13 f. A qualified organization representing veterans  
14 shall not hold more than two card game tournaments per  
15 week. Card game tournaments held under an annual game  
16 night license shall not count toward the limit of two  
17 card game tournaments per week. With the exception of  
18 an annual game night license, no more than three card  
19 game tournaments per week shall be held within a  
20 structure or building and only one qualified  
21 organization representing veterans licensed to conduct  
22 card game tournaments under this section may hold card  
23 game tournaments within a structure or building. A  
24 qualified organization representing veterans shall be  
25 allowed to hold only one card game tournament during a  
26 calendar day.

27 g. At the conclusion of each card game tournament,  
28 the person conducting the card game tournament shall  
29 announce the gross receipts received, the total amount  
30 of money withheld for expenses, and the amount  
31 withheld for state taxes.

32 h. The person conducting the card game tournament  
33 does none of the following:

34 (1) Hold, currently, another license issued under  
35 this section.

36 (2) Own or control, directly or indirectly, any  
37 class of stock of another person who has been issued a  
38 license to conduct games under this section.

39 (3) Have, directly or indirectly, an interest in  
40 the ownership or profits of another person who has  
41 been issued a license to conduct games under this  
42 section.

43 3. The qualified organization representing  
44 veterans licensed to hold card game tournaments under  
45 this section shall keep a journal of all dates of  
46 events, amount of gross receipts, amount given out as  
47 prizes, expenses, amount collected for taxes, and the  
48 amount collected as revenue.

49 a. The amount collected by the qualified  
50 organization representing veterans as revenue is

1 limited to ten percent of the gross receipts collected  
2 from each event.

3 b. Each qualified organization representing  
4 veterans shall withhold that portion of the gross  
5 receipts subject to taxation pursuant to section  
6 423.2, subsection 4, which shall be kept in a separate  
7 account and sent to the state along with the  
8 organization's quarterly report.

9 c. A qualified organization representing veterans  
10 licensed to conduct card game tournaments is allowed  
11 to withhold no more than five percent of the gross  
12 receipts from each card game tournament for qualified  
13 expenses. Qualified expenses include but are not  
14 limited to hired staff to run the event and the  
15 purchase of supplies and materials used in conducting  
16 card games. Any money collected for expenses and not  
17 used by the end of the calendar year shall be donated  
18 for educational, civic, public, charitable, patriotic,  
19 or religious uses as described in section 99B.7,  
20 subsection 3, paragraph "b". The qualified  
21 organization representing veterans shall attach a  
22 receipt for any donation made to the fourth quarter  
23 quarterly report required to be submitted pursuant to  
24 section 99B.2.

25 d. Each qualified organization representing  
26 veterans licensed under this section shall make  
27 recordkeeping and all deposit receipts available as  
28 provided in section 99B.2, subsection 2.

29 4. An organization wishing to conduct card game  
30 tournaments pursuant to this section as a qualified  
31 organization representing veterans shall submit an  
32 application and annual license fee of two hundred  
33 dollars to the department.

34 Sec. 2. Section 99B.8, Code Supplement 2005, is  
35 amended by adding the following new subsection:

36 NEW SUBSECTION. 6. Notwithstanding any provision  
37 of section 99B.7 to the contrary, if the games are  
38 conducted by a qualified organization issued a license  
39 pursuant to subsection 3, the sponsor may award cash  
40 or merchandise prizes in any game of skill, game of  
41 chance, or card game lawfully conducted during the  
42 annual game night in an amount not to exceed ten  
43 thousand dollars and no participant shall win more  
44 than a total of five thousand dollars.

45 Sec. 3. Section 99B.9, subsection 1, unnumbered  
46 paragraph 1, Code 2005, is amended to read as follows:

47 Except as otherwise permitted by section 99B.3,  
48 99B.5, 99B.6, 99B.7, 99B.7B, 99B.8, 99B.11, or  
49 99B.12A, it is unlawful to permit gambling on any  
50 premises owned, leased, rented, or otherwise occupied

1 by a person other than a government, governmental  
2 agency, or governmental subdivision, unless all of the  
3 following are complied with:

4 Sec. 4. Section 99B.12, subsection 1, unnumbered  
5 paragraph 1, Code 2005, is amended to read as follows:

6 Except in instances where because of the location  
7 of the game or the circumstances of the game section  
8 99B.3, section 99B.5, section 99B.6, section 99B.7,  
9 section 99B.7B, section 99B.8, or section 99B.9 is  
10 applicable, individuals may participate in gambling  
11 specified in subsection 2, but only if all of the  
12 following are complied with:

13 Sec. 5. Section 423.2, subsection 4, Code  
14 Supplement 2005, is amended to read as follows:

15 4. A tax of five percent is imposed upon the sales  
16 price derived from the operation of all forms of  
17 amusement devices and games of skill, games of chance,  
18 raffles, and bingo games as defined in chapter 99B,  
19 and card game tournaments conducted under section  
20 99B.7B, that are operated or conducted within the  
21 state, the tax to be collected from the operator in  
22 the same manner as for the collection of taxes upon  
23 the sales price of tickets or admission as provided in  
24 this section. Nothing in this subsection shall  
25 legalize any games of skill or chance or slot-operated  
26 devices which are now prohibited by law.

27 The tax imposed under this subsection covers the  
28 total amount from the operation of games of skill,  
29 games of chance, raffles, and bingo games as defined  
30 in chapter 99B, card game tournaments conducted under  
31 section 99B.7B, and musical devices, weighing  
32 machines, shooting galleries, billiard and pool  
33 tables, bowling alleys, pinball machines, slot-  
34 operated devices selling merchandise not subject to  
35 the general sales taxes and on the total amount from  
36 devices or systems where prizes are in any manner  
37 awarded to patrons and upon the receipts from fees  
38 charged for participation in any game or other form of  
39 amusement, and generally upon the sales price from any  
40 source of amusement operated for profit, not specified  
41 in this section, and upon the sales price from which  
42 tax is not collected for tickets or admission, but tax  
43 shall not be imposed upon any activity exempt from  
44 sales tax under section 423.3, subsection 78. Every  
45 person receiving any sales price from the sources  
46 described in this section is subject to all provisions  
47 of this subchapter relating to retail sales tax and  
48 other provisions of this chapter as applicable."

49 2. Title page, by striking lines 1 through 3 and  
50 inserting the following: "An Act concerning the



**S-5042**

Page 5

- 1 licensure, operation, and taxation of card game
- 2 tournaments by organizations representing veterans and
- 3 allowable prizes at annual game nights."
- 4 3. By renumbering as necessary.

**By** JEFF DANIELSON

**S-5042** FILED MARCH 9, 2006

**SENATE FILE 2314**

**S-5044**

1 Amend Senate File 2314 as follows:

2 1. Page 1, by inserting after line 27 the  
3 following:

4 "Sec. \_\_\_\_ . Section 99B.8, Code Supplement 2005, is  
5 amended by adding the following new subsection:

6 NEW SUBSECTION. 6. Notwithstanding any provision  
7 of section 99B.7 to the contrary, if the games are  
8 conducted by a qualified organization issued a license  
9 pursuant to subsection 3 that primarily represents  
10 volunteer emergency services providers as described in  
11 section 100B.11, the sponsor may award cash prizes to  
12 any participant in any game of skill, game of chance,  
13 or card game lawfully conducted during the annual game  
14 night in an amount not to exceed one hundred dollars  
15 per game, with a maximum of five hundred dollars  
16 awarded to a participant for all games during the  
17 annual game night."

18 2. Title page, line 3, by inserting after the  
19 word "veterans" the following: "and at annual game  
20 nights conducted by qualified organizations  
21 representing volunteer emergency services providers".

22 3. By renumbering as necessary.

**By** TOM HANCOCK

MARK ZIEMAN

**S-5044** FILED MARCH 13, 2006

SENATE FILE 2314

S-5077

1 Amend Senate File 2314 as follows:

2 1. By striking everything after the enacting  
3 clause and inserting the following:

4 "Section 1. NEW SECTION. 99B.7B CARD GAME  
5 TOURNAMENTS CONDUCTED BY QUALIFIED ORGANIZATIONS  
6 REPRESENTING VETERANS.

7 1. As used in this section, unless the context  
8 otherwise requires:

9 a. "Card game" means only poker, pinochle, pitch,  
10 gin rummy, bridge, euchre, hearts, or cribbage.

11 b. "Qualified organization representing veterans"  
12 means any licensed organization representing veterans,  
13 which is a post, branch, or chapter of a national  
14 association of veterans of the armed forces of the  
15 United States, is a federally chartered corporation,  
16 dedicates the net receipts of a game of skill, game of  
17 chance, or raffle as provided in section 99B.7, is  
18 exempt from federal income taxes under section  
19 501(c)(19) of the Internal Revenue Code as defined in  
20 section 422.3, has an active membership of not less  
21 than twelve persons, and does not have a self-  
22 perpetuating governing body and officers.

23 2. Notwithstanding any provision of this chapter  
24 to the contrary, card game tournaments lawfully may be  
25 conducted by a qualified organization representing  
26 veterans if all of the following are complied with:

27 a. The organization conducting the card game  
28 tournament has been issued a license pursuant to  
29 subsection 4 and prominently displays that license in  
30 the playing area of the card game tournament.

31 b. The card games to be conducted during a card  
32 game tournament, including the rules of each card game  
33 and how winners are determined, shall be displayed  
34 prominently in the playing area of the card game  
35 tournament. Each card game shall be conducted in a  
36 fair and honest manner and shall not be operated on a  
37 build-up or pyramid basis. Every participant in a  
38 card game tournament must be given the same chances of  
39 winning the tournament and shall not be allowed any  
40 second chance entries or multiple entries in the card  
41 game tournament.

42 c. Participation in a card game tournament  
43 conducted by a qualified organization representing  
44 veterans shall only be open to members of the  
45 qualified organization representing veterans and  
46 guests of a member if a bona fide social relationship  
47 exists between the member and the guest. The cost to  
48 participate in a card game tournament shall be limited  
49 to one hundred dollars and shall be the same for every  
50 participant in the card game tournament. Participants

S-5077

1 in a card game tournament shall be at least twenty-one  
2 years of age.

3 d. Cash or merchandise prizes may be awarded  
4 during a card game tournament and shall not exceed one  
5 thousand dollars and no participant shall win more  
6 than a total of two hundred fifty dollars. A  
7 qualified organization representing veterans shall  
8 distribute amounts awarded as prizes on the day they  
9 are won and merchandise prizes shall not be  
10 repurchased. An organization conducting a card game  
11 tournament shall only display prizes in the playing  
12 area of the card game tournament that can be won.

13 e. The qualified organization representing  
14 veterans shall conduct each card game tournament and  
15 any card game conducted during the tournament and  
16 shall not contract with or permit another person to  
17 conduct the card game tournament or any card game  
18 during the tournament.

19 f. No person receives or has any fixed or  
20 contingent right to receive, directly or indirectly,  
21 any profit, remuneration, or compensation from or  
22 related to a game in a card game tournament, except  
23 any amount which the person may win as a participant  
24 on the same basis as the other participants.

25 g. A qualified organization representing veterans  
26 shall not hold more than one card game tournament per  
27 week. Card game tournaments held under an annual game  
28 night license shall not count toward the limit of one  
29 card game tournament per week. With the exception of  
30 an annual game night license, no more than one card  
31 game tournament per week shall be held within a  
32 structure or building and only one qualified  
33 organization representing veterans licensed to conduct  
34 card game tournaments under this section may hold card  
35 game tournaments within a structure or building. A  
36 qualified organization representing veterans shall be  
37 allowed to hold only one card game tournament during a  
38 calendar day.

39 h. At the conclusion of each card game tournament,  
40 the person conducting the card game tournament shall  
41 announce the gross receipts received, the total amount  
42 of money withheld for expenses, and the amount  
43 withheld for state taxes.

44 i. The person conducting the card game tournament  
45 does none of the following:

46 (1) Hold, currently, another license issued under  
47 this section.

48 (2) Own or control, directly or indirectly, any  
49 class of stock of another person who has been issued a  
50 license to conduct games under this section.

1 (3) Have, directly or indirectly, an interest in  
2 the ownership or profits of another person who has  
3 been issued a license to conduct games under this  
4 section.

5 3. The qualified organization representing  
6 veterans licensed to hold card game tournaments under  
7 this section shall keep a journal of all dates of  
8 events, amount of gross receipts, amount given out as  
9 prizes, expenses, amount collected for taxes, and the  
10 amount collected as revenue.

11 a. The amount collected by the qualified  
12 organization representing veterans as revenue is  
13 limited to ten percent of the gross receipts collected  
14 from each event.

15 b. Each qualified organization representing  
16 veterans shall withhold that portion of the gross  
17 receipts subject to taxation pursuant to section  
18 423.2, subsection 4, which shall be kept in a separate  
19 account and sent to the state along with the  
20 organization's quarterly report.

21 c. A qualified organization representing veterans  
22 licensed to conduct card game tournaments is allowed  
23 to withhold no more than five percent of the gross  
24 receipts from each card game tournament for qualified  
25 expenses. Qualified expenses include but are not  
26 limited to the purchase of supplies and materials used  
27 in conducting card games. Any money collected for  
28 expenses and not used by the end of the calendar year  
29 shall be donated for educational, civic, public,  
30 charitable, patriotic, or religious uses as described  
31 in section 99B.7, subsection 3, paragraph "b". The  
32 qualified organization representing veterans shall  
33 attach a receipt for any donation made to the fourth  
34 quarter quarterly report required to be submitted  
35 pursuant to section 99B.2.

36 d. Each qualified organization representing  
37 veterans licensed under this section shall make  
38 recordkeeping and all deposit receipts available as  
39 provided in section 99B.2, subsection 2.

40 4. An organization wishing to conduct card game  
41 tournaments pursuant to this section as a qualified  
42 organization representing veterans shall submit an  
43 application and annual license fee of two hundred  
44 dollars to the department.

45 Sec. 2. Section 99B.8, Code Supplement 2005, is  
46 amended by adding the following new subsection:

47 NEW SUBSECTION. 6. Notwithstanding any provision  
48 of section 99B.7 to the contrary, if the games are  
49 conducted by a qualified organization representing  
50 veterans as defined in section 99B.7B issued a license

1 pursuant to subsection 3, the sponsor may award cash  
2 or merchandise prizes in any game of skill, game of  
3 chance, or card game lawfully conducted during the  
4 annual game night in an amount not to exceed ten  
5 thousand dollars and no participant shall win more  
6 than a total of five thousand dollars.

7 Sec. 3. Section 99B.9, subsection 1, unnumbered  
8 paragraph 1, Code 2005, is amended to read as follows:

9 Except as otherwise permitted by section 99B.3,  
10 99B.5, 99B.6, 99B.7, 99B.7B, 99B.8, 99B.11, or  
11 99B.12A, it is unlawful to permit gambling on any  
12 premises owned, leased, rented, or otherwise occupied  
13 by a person other than a government, governmental  
14 agency, or governmental subdivision, unless all of the  
15 following are complied with:

16 Sec. 4. Section 99B.12, subsection 1, unnumbered  
17 paragraph 1, Code 2005, is amended to read as follows:

18 Except in instances where because of the location  
19 of the game or the circumstances of the game section  
20 99B.3, section 99B.5, section 99B.6, section 99B.7,  
21 section 99B.7B, section 99B.8, or section 99B.9 is  
22 applicable, individuals may participate in gambling  
23 specified in subsection 2, but only if all of the  
24 following are complied with:

25 Sec. 5. Section 423.2, subsection 4, Code  
26 Supplement 2005, is amended to read as follows:

27 4. A tax of five percent is imposed upon the sales  
28 price derived from the operation of all forms of  
29 amusement devices and games of skill, games of chance,  
30 raffles, and bingo games as defined in chapter 99B,  
31 and card game tournaments conducted under section  
32 99B.7B, that are operated or conducted within the  
33 state, the tax to be collected from the operator in  
34 the same manner as for the collection of taxes upon  
35 the sales price of tickets or admission as provided in  
36 this section. Nothing in this subsection shall  
37 legalize any games of skill or chance or slot-operated  
38 devices which are now prohibited by law.

39 The tax imposed under this subsection covers the  
40 total amount from the operation of games of skill,  
41 games of chance, raffles, and bingo games as defined  
42 in chapter 99B, card game tournaments conducted under  
43 section 99B.7B, and musical devices, weighing  
44 machines, shooting galleries, billiard and pool  
45 tables, bowling alleys, pinball machines, slot-  
46 operated devices selling merchandise not subject to  
47 the general sales taxes and on the total amount from  
48 devices or systems where prizes are in any manner  
49 awarded to patrons and upon the receipts from fees  
50 charged for participation in any game or other form of

**S-5077**

Page 5

1 amusement, and generally upon the sales price from any  
2 source of amusement operated for profit, not specified  
3 in this section, and upon the sales price from which  
4 tax is not collected for tickets or admission, but tax  
5 shall not be imposed upon any activity exempt from  
6 sales tax under section 423.3, subsection 78. Every  
7 person receiving any sales price from the sources  
8 described in this section is subject to all provisions  
9 of this subchapter relating to retail sales tax and  
10 other provisions of this chapter as applicable."

11 2. Title page, by striking lines 1 through 3 and  
12 inserting the following: "An Act concerning the  
13 licensure, operation, and taxation of card game  
14 tournaments by organizations representing veterans and  
15 allowable prizes at annual game nights."

16 3. By renumbering as necessary.

**By JEFF DANIELSON**

**S-5077** FILED MARCH 15, 2006

---

**SENATE FILE 2314**

**S-5084**

1 Amend the amendment, S-5077, to Senate File 2314 as  
2 follows:

3 1. Page 1, line 15, by striking the words  
4 "States, is" and inserting the following: "States  
5 which is".

**By JEFF DANIELSON**

**S-5084** FILED MARCH 16, 2006

---

**SENATE FILE 2314**

**S-5093**

1 Amend the amendment, S-5077, to Senate File 2314,  
2 as follows:

3 1. Page 3, line 50, by inserting after the figure  
4 "99B.7B" the following: ", or a qualified  
5 organization that is exempt from federal income tax  
6 under section 501(c)(3) of the Internal Revenue  
7 Code,".

**By DAVE MULDER  
MARY A. LUNDBY**

**S-5093** FILED MARCH 20, 2006

SENATE FILE 2314  
BY COMMITTEE ON STATE  
GOVERNMENT

(SUCCESSOR TO SF 2166)

(AS AMENDED AND PASSED BY THE SENATE MARCH 21, 2006)

ALL New Language by the Senate

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

A BILL FOR

1 An Act concerning the licensure, operation, and taxation of card  
2 game tournaments by organizations representing veterans and  
3 allowable prizes at annual game nights.

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

5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18

S.F. 2314

1 Section 1. NEW SECTION. 99B.7B CARD GAME TOURNAMENTS  
2 CONDUCTED BY QUALIFIED ORGANIZATIONS REPRESENTING VETERANS.

3 1. As used in this section, unless the context otherwise  
4 requires:

5 a. "Card game" means only poker, pinochle, pitch, gin  
6 rummy, bridge, euchre, hearts, or cribbage.

7 b. "Qualified organization representing veterans" means  
8 any licensed organization representing veterans, which is a  
9 post, branch, or chapter of a national association of veterans  
10 of the armed forces of the United States which is a federally  
11 chartered corporation, dedicates the net receipts of a game of  
12 skill, game of chance, or raffle as provided in section 99B.7,  
13 is exempt from federal income taxes under section 501(c)(19)  
14 of the Internal Revenue Code as defined in section 422.3, has  
15 an active membership of not less than twelve persons, and does  
16 not have a self-perpetuating governing body and officers.

17 2. Notwithstanding any provision of this chapter to the  
18 contrary, card game tournaments lawfully may be conducted by a  
19 qualified organization representing veterans if all of the  
20 following are complied with:

21 a. The organization conducting the card game tournament  
22 has been issued a license pursuant to subsection 4 and  
23 prominently displays that license in the playing area of the  
24 card game tournament.

25 b. The card games to be conducted during a card game  
26 tournament, including the rules of each card game and how  
27 winners are determined, shall be displayed prominently in the  
28 playing area of the card game tournament. Each card game  
29 shall be conducted in a fair and honest manner and shall not  
30 be operated on a build-up or pyramid basis. Every participant  
31 in a card game tournament must be given the same chances of  
32 winning the tournament and shall not be allowed any second  
33 chance entries or multiple entries in the card game  
34 tournament.

35 c. Participation in a card game tournament conducted by a



1 qualified organization representing veterans shall only be  
2 open to members of the qualified organization representing  
3 veterans and guests of a member if a bona fide social  
4 relationship exists between the member and the guest. The  
5 cost to participate in a card game tournament shall be limited  
6 to one hundred dollars and shall be the same for every  
7 participant in the card game tournament. Participants in a  
8 card game tournament shall be at least twenty-one years of  
9 age.

10 d. Cash or merchandise prizes may be awarded during a card  
11 game tournament and shall not exceed one thousand dollars and  
12 no participant shall win more than a total of two hundred  
13 fifty dollars. A qualified organization representing veterans  
14 shall distribute amounts awarded as prizes on the day they are  
15 won and merchandise prizes shall not be repurchased. An  
16 organization conducting a card game tournament shall only  
17 display prizes in the playing area of the card game tournament  
18 that can be won.

19 e. The qualified organization representing veterans shall  
20 conduct each card game tournament and any card game conducted  
21 during the tournament and shall not contract with or permit  
22 another person to conduct the card game tournament or any card  
23 game during the tournament.

24 f. No person receives or has any fixed or contingent right  
25 to receive, directly or indirectly, any profit, remuneration,  
26 or compensation from or related to a game in a card game  
27 tournament, except any amount which the person may win as a  
28 participant on the same basis as the other participants.

29 g. A qualified organization representing veterans shall  
30 not hold more than one card game tournament per week. Card  
31 game tournaments held under an annual game night license shall  
32 not count toward the limit of one card game tournament per  
33 week. With the exception of an annual game night license, no  
34 more than one card game tournament per week shall be held  
35 within a structure or building and only one qualified

1 organization representing veterans licensed to conduct card  
2 game tournaments under this section may hold card game  
3 tournaments within a structure or building. A qualified  
4 organization representing veterans shall be allowed to hold  
5 only one card game tournament during a calendar day.

6 h. At the conclusion of each card game tournament, the  
7 person conducting the card game tournament shall announce the  
8 gross receipts received, the total amount of money withheld  
9 for expenses, and the amount withheld for state taxes.

10 i. The person conducting the card game tournament does  
11 none of the following:

12 (1) Hold, currently, another license issued under this  
13 section.

14 (2) Own or control, directly or indirectly, any class of  
15 stock of another person who has been issued a license to  
16 conduct games under this section.

17 (3) Have, directly or indirectly, an interest in the  
18 ownership or profits of another person who has been issued a  
19 license to conduct games under this section.

20 3. The qualified organization representing veterans  
21 licensed to hold card game tournaments under this section  
22 shall keep a journal of all dates of events, amount of gross  
23 receipts, amount given out as prizes, expenses, amount  
24 collected for taxes, and the amount collected as revenue.

25 a. The amount collected by the qualified organization  
26 representing veterans as revenue is limited to ten percent of  
27 the gross receipts collected from each event.

28 b. Each qualified organization representing veterans shall  
29 withhold that portion of the gross receipts subject to  
30 taxation pursuant to section 423.2, subsection 4, which shall  
31 be kept in a separate account and sent to the state along with  
32 the organization's quarterly report.

33 c. A qualified organization representing veterans licensed  
34 to conduct card game tournaments is allowed to withhold no  
35 more than five percent of the gross receipts from each card

1 game tournament for qualified expenses. Qualified expenses  
2 include but are not limited to the purchase of supplies and  
3 materials used in conducting card games. Any money collected  
4 for expenses and not used by the end of the calendar year  
5 shall be donated for educational, civic, public, charitable,  
6 patriotic, or religious uses as described in section 99B.7,  
7 subsection 3, paragraph "b". The qualified organization  
8 representing veterans shall attach a receipt for any donation  
9 made to the fourth quarter quarterly report required to be  
10 submitted pursuant to section 99B.2.

11 d. Each qualified organization representing veterans  
12 licensed under this section shall make recordkeeping and all  
13 deposit receipts available as provided in section 99B.2,  
14 subsection 2.

15 4. An organization wishing to conduct card game  
16 tournaments pursuant to this section as a qualified  
17 organization representing veterans shall submit an application  
18 and annual license fee of two hundred dollars to the  
19 department.

20 Sec. 2. Section 99B.8, Code Supplement 2005, is amended by  
21 adding the following new subsection:

22 NEW SUBSECTION. 6. Notwithstanding any provision of  
23 section 99B.7 to the contrary, if the games are conducted by a  
24 qualified organization representing veterans as defined in  
25 section 99B.7B, or a qualified organization that primarily  
26 represents volunteer emergency services providers as defined  
27 in section 100B.11, or a qualified organization that is exempt  
28 from federal income tax under section 501(c)(3) of the  
29 Internal Revenue Code and that has conducted an annual game  
30 night during the period beginning January 1, 2001, and ending  
31 December 31, 2005, issued a license pursuant to subsection 3,  
32 the sponsor may award cash or merchandise prizes in any game  
33 of skill, game of chance, or card game lawfully conducted  
34 during the annual game night in an amount not to exceed ten  
35 thousand dollars and no participant shall win more than a

1 total of five thousand dollars.

2 Sec. 3. Section 99B.9, subsection 1, unnumbered paragraph  
3 1, Code 2005, is amended to read as follows:

4 Except as otherwise permitted by section 99B.3, 99B.5,  
5 99B.6, 99B.7, 99B.7B, 99B.8, 99B.11, or 99B.12A, it is  
6 unlawful to permit gambling on any premises owned, leased,  
7 rented, or otherwise occupied by a person other than a  
8 government, governmental agency, or governmental subdivision,  
9 unless all of the following are complied with:

10 Sec. 4. Section 99B.12, subsection 1, unnumbered paragraph  
11 1, Code 2005, is amended to read as follows:

12 Except in instances where because of the location of the  
13 game or the circumstances of the game section 99B.3, section  
14 99B.5, section 99B.6, section 99B.7, section 99B.7B, section  
15 99B.8, or section 99B.9 is applicable, individuals may  
16 participate in gambling specified in subsection 2, but only if  
17 all of the following are complied with:

18 Sec. 5. Section 423.2, subsection 4, Code Supplement 2005,  
19 is amended to read as follows:

20 4. A tax of five percent is imposed upon the sales price  
21 derived from the operation of all forms of amusement devices  
22 and games of skill, games of chance, raffles, and bingo games  
23 as defined in chapter 99B, and card game tournaments conducted  
24 under section 99B.7B, that are operated or conducted within  
25 the state, the tax to be collected from the operator in the  
26 same manner as for the collection of taxes upon the sales  
27 price of tickets or admission as provided in this section.  
28 Nothing in this subsection shall legalize any games of skill  
29 or chance or slot-operated devices which are now prohibited by  
30 law.

31 The tax imposed under this subsection covers the total  
32 amount from the operation of games of skill, games of chance,  
33 raffles, and bingo games as defined in chapter 99B, card game  
34 tournaments conducted under section 99B.7B, and musical  
35 devices, weighing machines, shooting galleries, billiard and

1 pool tables, bowling alleys, pinball machines, slot-operated  
2 devices selling merchandise not subject to the general sales  
3 taxes and on the total amount from devices or systems where  
4 prizes are in any manner awarded to patrons and upon the  
5 receipts from fees charged for participation in any game or  
6 other form of amusement, and generally upon the sales price  
7 from any source of amusement operated for profit, not  
8 specified in this section, and upon the sales price from which  
9 tax is not collected for tickets or admission, but tax shall  
10 not be imposed upon any activity exempt from sales tax under  
11 section 423.3, subsection 78. Every person receiving any  
12 sales price from the sources described in this section is  
13 subject to all provisions of this subchapter relating to  
14 retail sales tax and other provisions of this chapter as  
15 applicable.>

16 #2. Title page, by striking lines 1 through 3 and  
17 inserting the following: <An Act concerning the licensure,  
18 operation, and taxation of card game tournaments by  
19 organizations representing veterans and allowable prizes at  
20 annual game nights.

21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35