

Senate File 2240 - Introduced

SENATE FILE _____
BY DOTZLER, DANIELSON, ZIEMAN,
COURTNEY, BEALL, SENG, and HORN

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to permissible prizes for use of an electrical
2 and mechanical amusement device and the penalties for awarding
3 an improper cash prize.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 6034SS 82
6 ec/nh/5

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1 1 Section 1. Section 99B.10, subsection 1, paragraphs a and
1 2 b, Code Supplement 2007, are amended to read as follows:
1 3 a. ~~A prize of merchandise~~ Merchandise exceeding ~~five~~ fifty
1 4 dollars in value shall not be awarded for use of the device.
1 5 However, a mechanical or amusement device may be designed or
1 6 adapted to award a prize or one or more free games or portions
1 7 of games without payment of additional consideration by the
1 8 participant.
1 9 b. A prize of cash shall not be awarded for use of the
1 10 device. However, if a prize of merchandise is awarded and is
1 11 redeemed for less than the total value of the prize awarded,
1 12 cash in an amount of less than five dollars that represents
1 13 the difference between the total value and the value of the
1 14 redeemed prize may be awarded.
1 15 Sec. 2. Section 99B.10, subsection 1, paragraph f, Code
1 16 Supplement 2007, is amended by adding the following new
1 17 subparagraph:
1 18 NEW SUBPARAGRAPH. (6) A distributor shall not be limited
1 19 in the number of electrical and mechanical amusement devices
1 20 registered by the department under this lettered paragraph
1 21 that the distributor may store for the sole purpose of future
1 22 placement or replacement of existing registered devices.
1 23 Sec. 3. Section 99B.10, subsection 3, unnumbered paragraph
1 24 1, Code Supplement 2007, is amended to read as follows:
1 25 A person who violates any provision of subsection 1,
1 26 paragraph "a", "b", "e", "g", "h", "i", "j", "k", or "m",
1 27 shall be subject to the following:
1 28 Sec. 4. Section 99B.10, Code Supplement 2007, is amended
1 29 by adding the following new subsection:
1 30 NEW SUBSECTION. 5. Notwithstanding any provision of this
1 31 section to the contrary, a distributor shall not be liable for
1 32 a violation of this section unless the distributor, or an
1 33 employee of the distributor, violates a provision of this
1 34 section.
1 35 Sec. 5. Section 99B.10B, subsection 2, Code Supplement
2 1 2007, is amended to read as follows:
2 2 2. a. The department shall revoke a registration issued
2 3 pursuant to section 99B.10 or 99B.10A, for a period of ten
2 4 years if a person commits ~~an~~ a second or subsequent offense of
2 5 awarding a cash prize in violation of section 99B.10,
2 6 subsection 1, paragraph "b", pursuant to rules adopted by the
2 7 department. A person whose registration is revoked under this
2 8 subsection who is a person for which a class "A", class "B",
2 9 class "C", special class "C", or class "D" liquor control
2 10 license has been issued pursuant to chapter 123 shall have the
2 11 person's liquor control license suspended for a period of
2 12 fourteen days in the same manner as provided in section
2 13 123.50, subsection 3, paragraph "a". A person whose
2 14 registration is revoked under this subsection who is a person
2 15 for which only a class "B" or class "C" beer permit has been
2 16 issued pursuant to chapter 123 shall have the person's class
2 17 "B" or class "C" beer permit suspended and that person's sales
2 18 tax permit suspended for a period of fourteen days in the same

2 19 manner as provided in section 123.50, subsection 3, paragraph
2 20 "a".
2 21 b. If a person owning or employed by an establishment
2 22 having a class "A", class "B", class "C", special class "C",
2 23 or class "D" liquor control license issued pursuant to chapter
2 24 123 commits ~~on a second or subsequent~~ offense of awarding a
2 25 cash prize in violation of section 99B.10, subsection 1,
2 26 paragraph "b", pursuant to rules adopted by the department,
2 27 the liquor control license of the establishment shall be
2 28 suspended for a period of fourteen days in the same manner as
2 29 provided in section 123.50, subsection 3, paragraph "a". If a
2 30 person owning or employed by an establishment having a class
2 31 "B" or class "C" beer permit issued pursuant to chapter 123
2 32 ~~awards commits a second or subsequent offense of awarding a~~
2 33 cash prize in violation of section 99B.10, subsection 1,
2 34 paragraph "b", pursuant to rules adopted by the department,
2 35 the beer permit of the establishment ~~and the establishment's~~
3 1 ~~sales tax permit~~ shall be suspended for a period of fourteen
3 2 days in the same manner as provided in section 123.50,
3 3 subsection 3, paragraph "a".

3 4 EXPLANATION

3 5 This bill concerns permissible prizes from an electrical
3 6 and mechanical amusement device and the penalties applicable
3 7 for violating provisions restricting the awarding of a cash
3 8 prize from such a device.

3 9 The bill increases the value of merchandise that can be
3 10 awarded from an electrical and mechanical amusement device
3 11 from a maximum of \$5 to a maximum of \$50. The bill also
3 12 provides that if the prize is redeemed for less than the total
3 13 value of the prize, cash in an amount of less than \$5 that
3 14 represents the difference between the total value and redeemed
3 15 prize can be awarded. Under current law, no award of cash is
3 16 allowed.

3 17 The bill also changes the penalties applicable to a person
3 18 who awards an improper cash prize from an electrical and
3 19 mechanical amusement device. The bill provides that a first
3 20 offense of awarding an improper cash prize shall be a simple
3 21 misdemeanor, punishable as a scheduled violation with a fine
3 22 of \$250, and a second or subsequent offense is a serious
3 23 misdemeanor. Current law provides that a first offense
3 24 violation is a serious misdemeanor.

3 25 The bill provides that a distributor shall not be limited
3 26 in the number of registered amusement devices it stores for
3 27 future placement or replacement of existing registered
3 28 devices. In addition, the bill provides that a distributor
3 29 shall not be liable for a violation of Code section 99B.10
3 30 relative to amusement devices unless the distributor or an
3 31 employee of the distributor violates the Code section.

3 32 Code section 99B.10B(2), concerning the revocation of
3 33 registration and suspension of a liquor license or beer permit
3 34 for a violation of awarding an improper cash prize from an
3 35 electrical and mechanical amusement device is amended to
4 1 provide that the penalties therein apply to a second or
4 2 subsequent offense of awarding an improper cash prize and not
4 3 to a first offense. In addition, the bill eliminates the
4 4 ability of the department to suspend the sales tax permit of
4 5 an establishment with a class "B" or class "C" beer permit if
4 6 a person owning or employed by the establishment commits a
4 7 second offense of awarding an improper cash prize. Current
4 8 penalties that apply are for the suspension of the violator's
4 9 liquor control license, or beer permit and sales tax permit
4 10 for 14 days.

4 11 LSB 6034SS 82

4 12 ec/nh/5.2