## Senate File 510-Introduced

SENATE FILE
BY COMMITTEE ON STATE GOVERNMENT
(SUCCESSOR TO SSB 1180)


1 An Act concerning electrical and mechanical amusement devices and
2 providing penalties.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 1347SV 82
5 ec/es/88
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Section 1. Section 99B.1, subsections 12, 18, 19, and 23, Code 2007, are amended to read as follows:
12. "Distributor" means, for the purposes of sections
99B.10, 99B.10A, and 99B.10B, any person that owns electrical
and mechanical amusement devices registered as provided in
section 99B.10, subsection 4 1, paragraph "f", that are
offered for use at more than a single location or premises.
18. "Manufacturer" means, for the purposes of sections 99B.10, 99B.10A, and 99B.10B, any person engaged in business
in this state who originally produces an electrical and
mechanical amusement device required to be registered under
section 99B.10, subsection 4 1, paragraph "f", or individual
components for use in such a device.
19. "Manufacturer's representative" means, for the
purposes of sections 99B.10, 99B.10A, and 99B.10B, any person engaged in business in this state who promotes or sells
electrical and mechanical amusement devices required to be
registered under section 99B.10, subsection 4 1, paragraph "f", or individual components for use in such devices on behalf of a manufacturer of such devices or components.
23. "Owner" means, for the purposes of sections 99B.10A and 99B.10B, any person who owns an operable electrical and mechanical amusement device required to be registered under section 99B.10, subsection 4 1, paragraph "f".
Sec. 2. Section 99B.10, Code 2007, is amended to read as follows:
99B. 10 ELECTRICAL AND MECHANICAL AMUSEMENT DEVICES =ㅡ́․ PENALTIES.
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1. It is lawful to own, possess, and offer for use by any person at any location an electrical or mechanical amusement device and the use of the electrical or mechanical amusement device shall not be deemed gambling, but only if all of the following are complied with:
2. a. A prize of merchandise exceeding five dollars in value or cash shall not be awarded for use of the device. However, a mechanical or amusement device may be designed or adapted to award a prize or one or more free games or portions of games without payment of additional consideration by the participant.
b. A prize of cash shall not be awarded for use of the

## device.

Z. C. An amusement device shall not be designed or adapted to cause or to enable a person to cause the release of free games or portions of games when designated as a potential award for use of the device, and shall not contain any meter or other measurement device for recording the number of free games or portions of games which are awarded.
3. d. An amusement device shall not be designed or adapted to enable a person using the device to increase the chances of winning free games or portions of games by paying more than is ordinarily required to play the game.
17 e. An amusement device required to be registered as
18 provided in paragraph "f", shall not be placed into operation



2007, is amended to read as follows:
c'. For an owner of no more than two electrical and mechanical amusement devices registered as provided in section 99B.10, subsection 4 1, paragraph "f", at a single location or premises that is not an organization that meets the
11 requirements of section 99B.7, subsection 1, paragraph "m", two thousand five hundred dollars.

Sec. 5. Section 99B.10B, subsection 1, Code 2007, is amended by striking the subsection and inserting in lieu thereof the following:

1. a. The department may deny, suspend, or revoke a registration issued pursuant to section 99B. 10 or 99B.10A, if the department finds that an applicant, registrant, or an agent of a registrant violated or permitted a violation of a provision of section 99B.10, 99B.10A, or 99B.10C, or a departmental rule adopted pursuant to chapter 17A, or for any other cause for which the director of the department would be or would have been justified in refusing to issue a registration, or upon the conviction of a person of a violation of this chapter or a rule adopted under this chapter which occurred on the premises where the registered amusement device is or is to be located. However, the denial, suspension, or revocation of a registration for one amusement device does not require, but may result in, the denial, suspension, or revocation of the registration for a different amusement device held by the same distributor or owner.
b. If a person owning or employed by an establishment having a class "A", class "B", class "C", special class "C", or class "D" liquor control lícense or háving a class "B" or class "C" beer permit issued pursuant to chapter 123 violates a provision of section 99B.10, 99B.10A, or 99B.10C, or a departmental rule adopted pursuant to chapter 17A, the department may restrict the number of amusement devices required to be registered as provided in section 99B.10, subsection 1, paragraph "f", that are permitted in the establishment for a period of up to two years.

Sec. 6. Section 99B.10B, subsection 2, Code 2007, is amended to read as follows:
2. a. The department shall revoke a registration issued pursuant to section 99B.10 or 99B.10A, for a period of ten years following at least ten days' written notice and opportunity for an evidentiary hearing, if a person awards commits an offense of awarding a cash prize in violation of section 99B.10, subsection 1, paragraph "b", pursuant to rules adopted by the department. A person whose registration is revoked under this subsection who is a person for which a class "A", class "B", class "C", special class "C", or class "D" liquor control lícense has been issued pursuant to chapter 123 shall have the person's liquor control license suspended for a period of fourteen days in the same manner as provided in section 123.50, subsection 3, paragraph "a". In addition, a A person whose registration is revoked under this subsection who is a person for which only a class "B" or class "C" beer permit has been issued pursuant to chapter 123 shall have the person's class "B" or class "C" beer permit suspended and that person's sales tax permit suspended for a period of fourteen days in the same manner as provided in section 123.50, subsection 3, paragraph "a".
b. If a person owning or employed by an establishment having a class "A", class "B", class "C", special class "C", or class "D" liquor control license issued pursuant to chapter 123 commits an offense of awarding a cash prize in violation of section 99B.10, subsection 1, paragraph "b", pursuant to rules adopted by the department, the liquor control license of the establishment shall be suspended for a period of fourteen days in the same manner as provided in section 123.50, subsection 3, paragraph "a". If a person owning or employed by an establishment having a class "B" or class "C" beer permit issued pursuant to chapter 123 awards a cash prize in violation of section 99B.10, subsection 1, paragraph "b", pursuant to rules adopted by the department, the beer permit of the establishment and the establishment's sales tax permit shall be suspended for a period of fourteen days in the same manner as provided in section 123.50, subsection 3, paragraph S. 7. Section 99B.10B, Code 2007, is amended by adding the following new subsection:
$\begin{array}{ll}9 & 13 \\ 9 & 14 \\ 9\end{array}$ 915 section 99B. 10 or 99B.10A, shall commence by delivering to the
916 applicant or registrant by certified mail, return receipt1123 shall not be placed into operation without a new registration
1124 tag if the device has been altered in a way that changes the
1125 operational characteristics of the amusement device. The bill
26 also provides that an amusement device shall not be operated
with an expired registration tag and shall not be relocated to
requested, or by personal service a notice setting forth the proposed action and the particular reasons for such action.
b. (1) If a written request for a hearing is not received within thirty days after the mailing or service of the notice, the denial, suspension, or revocation of a registrant shall become effective pending a final determination by the
department. The proposed action in the notice may be affirmed, modified, or set aside by the department in a written decision.
(2) If a request for a hearing is timely received by the department, the applicant or registrant shall be given an opportunity for a prompt and fair hearing before the
department and the denial, suspension, or revocation shall be deemed suspended until the department makes a final determination. However, the director of the department may suspend a registration prior to a hearing if the director finds that the public integrity of the registered activity is compromised or there is a risk to public health, safety, or welfare. In addition, at any time during or prior to the hearing, the department may rescind the notice of the denial, suspension, or revocation upon being satisfied that the reasons for the denial, suspension, or revocation have been or will be removed. On the basis of any such hearing, the proposed action in the notice may be affirmed, modified, or set aside by the department in a written decision. The procedure governing hearings authorized by this paragraph shall be in accordance with the rules promulgated by the department and chapter 17A.
c. A copy of the final decision of the department shall be sent by certified mail, return receipt requested, or served personally upon the applicant or registrant. The applicant or registrant may seek judicial review in accordance with the terms of the Iowa administrative procedure Act, chapter 17A.
d. If the department finds cause for denial of a registration issued pursuant to section 99B. 10 or 99B.10A, the applicant shall not reapply for the same registration for a period of two years. If the department finds cause for a suspension or revocation, the registration shall be suspended or revoked for a period not to exceed two years.

Sec. 8. Section 99B.10C, subsections 2 and 3, Code 2007, are amended to read as follows:
2. A person owning or leasing an electrical and mechanical amusement device, or an employee of a person owning or leasing an electrical and mechanical amusement device, who knowingly allows a person under the age of twenty=one years to participate in the operation of an electrical and mechanical amusement device, or a person who knowingly participates in the operation of an electrical and mechanical amusement device, with a person under the age of twenty=one years ${ }_{\star}$ is guilty of a simple misdemeanor.
3. For purposes of this section, an electrical and mechanical amusement device means an electrical and mechanical amusement device required to be registered as provided in section 99B.10, subsection 4 1, paragraph "f".

Sec. 9. Section 805.8C, subsection 4, Code 2007, is amended to read as follows:
4. ELECTRICAL AND MECHANICAL AMUSEMENT DEVICE VIOLATIONS.
a. For violations of legal age for operating an electrical and mechanical amusement device required to be registered as provided in section 99B.10, subsection 4 1, paragraph "f", pursuant to section 99B.10C, subsection 1, the scheduled fine is two hundred fifty dollars. Failure to pay the fine by a person under the age of eighteen shall not result in the person being detained in a secure facility.
b. For first offense violations concerning electrical and mechanical amusement devices as provided in section 99B.10, subsection 3, the scheduled fine is two hundred fifty dollars. EXPLANATION
This bill makes changes concerning electrical and mechanical amusement devices authorized pursuant to Code chapter 99B.

Code section 99B.10, concerning electrical and mechanical amusement devices, is amended by adding several new requirements for authorization to offer electrical and mechanical amusement devices to any person. The bill provides that an amusement device that is required to be registered shall not be placed into operation without a new registration operational characteristics of the amusement device. The bill with an expired registration tag and shall not be relocated to
device to an unauthorized location, redeeming awards off the
premises or for merchandise the location does not usually
sell, and failing to include a security mechanism on devices
required to be registered. The bill provides that the
scheduled fine for a first offense is $\$ 250$.
Code section 99B.10A, is amended. The bill provides that
manufacturers, distributors, and owners of electrical and
mechanical amusement devices shall include in their
registration application a federal bureau of investigation
fingerprint=based background check of the applicant to be paid
for by the applicant.
Code section 99B.10B, concerning administrative penalties
relative to the electrical and mechanical amusement device
registration, is amended.
The bill provides that the department of inspections and
appeals has the ability to deny or suspend the registration
for an electrical or mechanical amusement device in addition
to the current ability to revoke the registration for
violations of code sections 99B.10 or 99B.10A, rules adopted
by the department, or for any other cause that the director of
the department determines would justify such action. The bill
also provides that if a person owning or employed by an
establishment with a liquor control license violates a
provision of law relative to amusement devices or a department
rule, the department may restrict the number of registered
amusement devices in the establishment for up to two years.
The bill provides that if a person owning or employed by an
establishment with a class "A", "B", "C", special class "C",
or "D" liquor control license commits an offense of awarding a
cash prize, the liquor control license shall be suspended for
a period of 14 days. In addition, the bill provides that if a
person owning or employed by an establishment having a class
"B" or "C" beer permit commits an offense of awarding a cash
prize, the beer permit and sales tax permit of the
establishment shall be suspended for a period of 14 days.
The bill also adds a new provision concerning the process
the department must follow to take action to deny, revoke, or
suspend a registration issued pursuant to Code section 99B.10
or 99B.10A. The bill requires that the process shall start
with delivery to the applicant or registrant by certified
mail, return receipt requested, or by personal service, a
notice setting forth the proposed action and the reasons for
the action. If a written request for hearing is not received
within 30 days, the intended denial, suspension, or revocation
shall become effective pending a final determination by the
department. If a request for hearing is timely received, a
hearing shall be held subject to the requirements of Code
chapter 17A and rules promulgated by the department and any
adverse action shall be suspended pending a final
determination. However, the bill provides that the director
of the department may s'till suspend a registration prior to
hearing if there is a risk to public health, safety, or
welfare. The bill further provides that a copy of the final
decision shall be sent by certified mail or served personally
upon the applicant or registrant who may seek judicial review
pursuant to Code chapter 17A. The bill provides that if a
registration is denied, the applicant shall not be able to
reapply for the same registration for two years. In addition,
if the department suspends or revokes a registration, the
suspension or revocation shall be for a period not to exceed
two years.
Code section 99B.10C, concerning operation of registered

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14 4 electrical and mechanical amusement devices by persons under
14 21, is amended to provide that an employee, in addition to the
14 6 owner or lessee of a registered device, who knowingly allows a
14 7 person under 21 to operate the device is guilty of a simple
14 8 misdemeanor.
14 9 LSB 1347SV 82
14 10 ec:nh/es/88.1
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