

CHAPTER 99

GAMBLING

S. F. 496

AN ACT relating to gambling, and providing penalties.

Be It Enacted by the General Assembly of the State of Iowa:

1 SECTION 1. Section ninety-nine A point one (99A.1), subsection one
2 (1), Code 1975, is amended by striking the subsection and inserting in
3 lieu thereof the following:

4 1. "Gambling devices" means gambling devices as defined in section
5 seven hundred twenty-six point five (726.5) of the Code.

1 SEC. 2. Section ninety-nine B point one (99B.1), unnumbered para-
2 graph one (1), Code 1975, is amended to read as follows:

DIVISION I

GENERAL PROVISIONS

5 **99B.1 Definitions.** As used in this chapter and sections ~~726.11~~
6 ~~and 726.12~~, unless the context otherwise requires:

1 SEC. 3. Section ninety-nine B point one (99B.1), Code 1975, is
2 amended by adding the following new subsections:

3 NEW SUBSECTION. "Posted" means that the person conducting a game
4 has caused to be placed near the front or playing area of the game a
5 sign at least thirty inches by thirty inches, with permanent material
6 and lettering, stating at the top in letters at least three inches high:
7 "Rules of the Game". Thereunder there shall be set forth in large, eas-
8 ily readable print, the name of the game, the price to play the game,
9 the complete rules for the game and the name and permanent mailing
10 address of the owner of the game.

11 NEW SUBSECTION. "Social games" means and includes only the activi-
12 ties permitted by subsection two (2) of section fourteen (14) of this Act.

13 NEW SUBSECTION. A person "conducts" a specified activity if that
14 person owns, promotes, sponsors, or operates a game or activity. A nat-
15 ural person does not "conduct" a game or activity if the person is
16 merely a participant in a game or activity which complies with section
17 fourteen (14) of this Act.

18 NEW SUBSECTION. "Amusement concession" means any place where a
19 single game of skill or game of chance is conducted by a person for
20 profit, and includes the area within which are confined the equipment,
21 playing area, and other personal property necessary for the conduct of
22 the game.

23 NEW SUBSECTION. "Amusement device" means an electrical or me-
24 chanical device possessed and used in accordance with section twelve
25 (12) of this Act. When possessed and used in accordance with that sec-
26 tion, an amusement device is not a game of skill or game of chance,
27 and is not a gambling device.

28 NEW SUBSECTION. "Department" means the department of revenue.

29 NEW SUBSECTION. "Bookmaking" as used herein means the taking or
30 receiving of any bet or wager upon the result of any trial or contest of
31 skill, speed, power or endurance of man, beast, fowl or motor vehicle,
32 which is not a wager or bet pursuant to section fourteen (14), subsection
33 two (2), paragraph c (c), of this Act, or which is laid off, placed, given,
34 received or taken, by an individual who was not present when the wa-
35 ger or bet was undertaken, or by any publicly or privately owned en-
36 terprise where such wagers or bets may be undertaken.

37 NEW SUBSECTION. "Bona fide social relationship" as used herein
38 means a real, genuine, unfeigned social relationship between two or

39 more persons wherein each person has an established knowledge of the
40 other, which has not arisen for the purpose of gambling.

1 SEC. 4. Section ninety-nine B point two (99B.2), Code 1975, is
2 amended by striking the section and inserting in lieu thereof the fol-
3 lowing:

4 **99B.2 Licensing—records required.**

5 1. The department shall be the agency responsible for issuing any li-
6 cense required by this chapter. A license shall not be issued, except
7 upon submission to the department of an application on forms fur-
8 nished by the department, and upon submission of the required license
9 fee. Except as otherwise provided in this chapter, a license shall be val-
10 id for a period of one year from the date of issue. The license fee or
11 any part thereof shall not be refundable, but shall be returned to the
12 applicant in the event an application is not approved.

13 2. A licensee other than one issued a license pursuant to section
14 eight (8) or section eleven (11) of this Act shall maintain proper books
15 of account and records showing in addition to any other information
16 required by the department, gross receipts and the amount of the gross
17 receipts taxes collected or accrued with respect to gambling activities,
18 all expenses, charges, fees and other deductions, and the cash amounts,
19 or the cost to the licensee of goods or other noncash valuables, distrib-
20 uted to participants in the licensed activity. If the licensee is a quali-
21 fied organization, the amounts dedicated and the date and name and
22 address of each person to whom distributed also shall be kept in the
23 books and records. The books of account and records shall be made
24 available to the department or a law enforcement agency for inspection
25 at reasonable times, with or without notice. A failure to permit inspec-
26 tion is a misdemeanor.

27 3. Each licensee required by subsection two (2) of this section to
28 maintain records shall submit quarterly reports to the department on
29 forms furnished by the department. The reports shall contain a compi-
30 lation of the information required to be recorded by subsection two (2)
31 of this section, and shall include all of the transactions occurring dur-
32 ing the three-month period for which the report is submitted. Failure
33 to submit the quarterly reports shall constitute grounds for revocation
34 of the license. Willful failure to submit quarterly reports is a misde-
35 meanor.

1 SEC. 5. Section ninety-nine B point three (99B.3), Code 1975, is
2 amended by striking the section and inserting in lieu thereof the fol-
3 lowing:

4 DIVISION II

5 GAMES OR LOCATIONS FOR WHICH A LICENSE IS REQUIRED

6 **99B.3 Amusement concessions.**

7 1. A game of skill or game of chance is lawful when conducted by a
8 person at an amusement concession, but only if all of the following are
9 complied with:

10 a. The location where the game is conducted by the person has been
11 authorized as provided in section six (6) of this Act.

12 b. The person conducting the game has submitted a license applica-
13 tion and a fee of fifteen dollars for each game, and has been issued a
14 license for the game, and prominently displays the license at the play-
15 ing area of the game.

16 c. Gambling other than the licensed game is not conducted or en-
17 gaged in at the amusement concession.

18 d. The game is posted and the cost to play the game does not exceed
19 one dollar.

- 20 e. A prize is not displayed which cannot be won.
 21 f. Cash prizes are not awarded and merchandise prizes are not repur-
 22 chased.
 23 g. The game is not operated on a build-up or pyramid basis.
 24 h. The actual retail value of any prize does not exceed twenty-five
 25 dollars. If a prize consists of more than one item, unit or part, the ag-
 26 gregate retail value of all items, units or parts shall not exceed twenty-
 27 five dollars.
 28 i. Concealed numbers or conversion charts are not used to play the
 29 game and the game is not designed or adapted with any control device
 30 to permit manipulation of the game by the operator in order to pre-
 31 vent a player from winning or to predetermine who the winner will be,
 32 and the object target, block or object of the game must be attainable
 33 and possible to perform under the rules stated from the playing posi-
 34 tion of the player.
 35 j. The game is conducted in a fair and honest manner.
 36 2. It is lawful for an individual other than a person conducting the
 37 game to participate in a game of skill or game of chance conducted at
 38 an amusement concession, whether or not the amusement concession is
 39 conducted in compliance with subsection one (1) of this section.

1 SEC. 6. Section ninety-nine B point four (99B.4), Code 1975, is
 2 amended by striking the section and inserting in lieu thereof the fol-
 3 lowing:

- 4 **99B.4 Permitted locations of amusement concessions.** A game
 5 of skill or game of chance lawfully may be conducted by a person at an
 6 amusement concession, but only if the person has been authorized to
 7 conduct the game at a specific location as follows:
 8 a. At a fair, by written permission given to the person by the spon-
 9 sor of the fair.
 10 b. At an amusement park so designated by resolution of the city
 11 council of a city or the board of supervisors of a county, by written
 12 permission given to the person by the respective city or county.
 13 c. At a carnival, bazaar, centennial, or celebration sponsored by a
 14 bona fide civic group, service club, or merchants group when that event
 15 has been authorized by resolution of the city council of a city or the
 16 board of supervisors of a county, by written permission given to the
 17 person by the authorizing city or county. Paragraph b of subsection
 18 one (1) of section five (5) of this Act notwithstanding, a license may be
 19 issued for an event held pursuant to this paragraph at a fee of twenty-
 20 five dollars, which shall enable the sponsor of the event to conduct all
 21 games and raffles permitted under section five (5) of this Act for a
 22 specified period of fourteen consecutive calendar days.

1 SEC. 7. Section ninety-nine B point five (99B.5), Code 1975, is
 2 amended by striking the section and inserting in lieu thereof the fol-
 3 lowing:

- 4 **99B.5 Raffles conducted by a fair.**
 5 1. Raffles lawfully may be conducted at a fair, but only if all of the
 6 following are complied with:
 7 a. The raffle is conducted by the sponsor of the fair.
 8 b. The sponsor of the fair has submitted a license application and a
 9 fee of fifteen dollars for each raffle, and has been issued a license, and
 10 prominently displays the license at the drawing area of the raffle.
 11 c. The raffle is posted.
 12 d. Except as provided in paragraph g of this subsection, the cost of
 13 each chance in or ticket to the raffle does not exceed one dollar.

14 e. Cash prizes are not awarded and merchandise prizes are not repur-
15 chased.

16 f. The raffle is not operated on a pyramid or build-up basis.

17 g. The actual retail value of any prize does not exceed twenty-five
18 dollars. If a prize consists of more than one item, unit or part, the ag-
19 gregate retail value of all items, units or parts shall not exceed twenty-
20 five dollars. However, a fair may hold not more than one raffle per
21 year at which a merchandise prize may be awarded if of a value not
22 greater than five thousand dollars as determined by the purchase price
23 paid by the fair, and the cost of each chance in or ticket to that raffle
24 may not exceed five dollars.

25 h. The raffle is conducted in a fair and honest manner.

26 2. It is lawful for an individual other than a person conducting the
27 raffle to participate in a raffle conducted at a fair, whether or not con-
28 ducted in compliance with subsection one (1) of this section.

1 SEC. 8. Section ninety-nine B point six (99B.6), Code 1975, is
2 amended by striking the section and inserting in lieu thereof the fol-
3 lowing:

4 **99B.6 Games where liquor or beer is sold.**

5 1. Gambling is unlawful on premises for which a class "A", class
6 "B", class "C" or class "D" liquor control license, or class "B" beer per-
7 mit has been issued pursuant to chapter one hundred twenty-three
8 (123) of the Code unless all of the following are complied with:

9 a. The holder of the liquor control license or beer permit has submit-
10 ted an application for a license and an application fee of twenty-five
11 dollars, and has been issued a license, and prominently displays the li-
12 cense on the premises.

13 b. The holder of the liquor control license or beer permit or any
14 agent or employee of the license or permit holder does not participate
15 in, sponsor, conduct or promote, or act as cashier or banker for any
16 gambling activities, except as a participant while playing on the same
17 basis as every other participant.

18 c. Gambling other than social games is not engaged in on the prem-
19 ises covered by the license or permit.

20 d. Concealed numbers or conversion charts are not used to play any
21 game, and a game is not adapted with any control device to permit
22 manipulation of the game by the operator in order to prevent a player
23 from winning or to predetermine who the winner will be, and the ob-
24 ject of the game is attainable and possible to perform under the rules
25 stated from the playing position of the player.

26 e. The game must be conducted in a fair and honest manner.

27 f. No person receives or has any fixed or contingent right to receive,
28 directly or indirectly, any amount wagered or bet or any portion of
29 amounts wagered or bet, except an amount which the person wins as a
30 participant while playing on the same basis as every other participant.

31 g. No cover charge, participation charge or other charge is imposed
32 upon a person admitted to the premises, whether or not the person par-
33 ticipates in gambling, and no rebate, discount, credit, or other method
34 is used to discriminate between the charge for goods or services to par-
35 ticipants in gambling and the charge for goods or services to nonpartic-
36 ipants.

37 h. No participant wins or loses more than a total of fifty dollars or
38 more consideration equivalent thereto in one or more games or activi-
39 ties permitted by this section at any time during any period of twenty-
40 four consecutive hours or over that entire period. For the purpose of
41 this paragraph a person wins the total amount at stake in any game,

42 wager or bet, regardless of any amount that person may have contrib-
43 uted to the amount at stake.

44 i. No participant is participating as an agent of another person.

45 j. A representative of the department of revenue or a law enforce-
46 ment agency is immediately admitted, upon request, to the premises
47 with or without advance notice.

48 k. No person under the age of eighteen years may participate in the
49 gambling except pursuant to sections five (5), six (6), seven (7), and
50 nine (9) of this Act. Any licensee knowingly allowing a person under
51 the age of eighteen to participate in the gambling prohibited by this
52 paragraph or any person knowingly participating in such gambling
53 with a person under the age of eighteen, shall be guilty of a misde-
54 meanor and, upon conviction, be punished by imprisonment in the
55 county jail for not more than thirty days and a fine of not more than
56 one hundred dollars or both.

57 2. The holder of a license issued pursuant to this section shall be
58 strictly accountable for maintaining compliance with subsection one (1)
59 of this section. Proof of any acts constituting a violation shall be
60 grounds for revocation of the license issued pursuant to this section if
61 the holder of the license permitted the violation to occur when the li-
62 censee knew or had reasonable cause to know of the acts constituting
63 the violation. The holder of a license issued pursuant to this section
64 which has its license revoked shall not be issued another license within
65 six months of the date of revocation.

66 3. A participant in a social game which is not in compliance with
67 this section shall be liable for a criminal penalty only if that partici-
68 pant has knowledge of or reason to know the facts constituting the vio-
69 lation.

70 4. The holder of a license issued pursuant to this section and every
71 agent of that licensee who is required by the licensee to exercise control
72 over the use of the premises who knowingly permits or engages in acts
73 or omissions which constitute a violation of subsection one (1) of this
74 section commits a misdemeanor. A licensee has knowledge of acts or
75 omissions if any agent of the licensee has knowledge of those acts or
76 omissions.

1 SEC. 9. Section ninety-nine B point seven (99B.7), Code 1975, is
2 amended by striking the section and inserting in lieu thereof the fol-
3 lowing:

4 **99B.7 Games conducted by qualified organizations.**

5 1. Except as otherwise provided in section ten (10) of this Act, games
6 of skill, games of chance and raffles lawfully may be conducted at a lo-
7 cation specified in subsection two (2) of this section, but only if all of
8 the following are complied with:

9 a. The person conducting the game or raffle has been issued a li-
10 cense pursuant to subsection three (3) of this section and prominently
11 displays that license in the playing area of the games.

12 b. No person receives or has any fixed or contingent right to receive,
13 directly or indirectly, any profit, remuneration, or compensation from
14 or related to a game of skill, game of chance, or raffle, except any
15 amount which the person may win as a participant on the same basis
16 as the other participants. A person conducting a game or raffle shall
17 not be a participant in the game or raffle.

18 c. Cash prizes may be awarded in the game of bingo and shall not
19 exceed one hundred dollars. Merchandise prizes may be awarded in the
20 game of bingo; however, the actual retail value of the prize, or if the
21 prize consists of more than one item, unit or part, the aggregate retail
22 value of all items, units or parts, shall not exceed one hundred dollars.

23 A jackpot bingo game may be conducted once during any twenty-four
24 hour period in which the prize doubles if not won at one game: How-
25 ever, the cost of play shall not be increased and the jackpot shall not
26 amount to more than five hundred dollars in cash or actual retail value
27 of merchandise prizes. A jackpot bingo game shall not be deemed pro-
28 hibited by paragraph h of this subsection.

29 d. Cash prizes shall not be awarded in games other than bingo. The
30 actual retail value of any merchandise prizes shall not exceed twenty-
31 five dollars and may not be repurchased. However, a raffle may be
32 conducted not more than one time in a twelve-month period at which a
33 merchandise prize may be awarded of a value not greater than five
34 thousand dollars as determined by purchase price paid by the organiza-
35 tion or donor and for which the cost to a participant of a chance in or
36 ticket to the raffle does not exceed five dollars.

37 e. Except as provided in paragraph d of this subsection with respect
38 to an annual raffle, the cost to a participant for each game shall not
39 exceed one dollar.

40 f. No prize is displayed which cannot be won.

41 g. Merchandise prizes are not repurchased.

42 h. A game or raffle shall not be operated on a build-up or pyramid
43 basis.

44 i. Concealed numbers or conversion charts shall not be used to play
45 any game and a game or raffle shall not be adapted with any control
46 device to permit manipulation of the game by the operator in order to
47 prevent a player from winning or to predetermine who the winner will
48 be, and the object of the game must be attainable and possible to per-
49 form under the rules stated from the playing position of the player.

50 j. The game must be conducted in a fair and honest manner.

51 k. Each game or raffle shall be posted.

52 l. During the entire time that games permitted by this section are
53 being engaged in, no other gambling is engaged in at the same loca-
54 tion.

55 2. Games of skill, games of chance, and raffles may be conducted on
56 premises owned or leased by the licensee, but shall not be conducted on
57 rented premises unless the premises are rented from a person licensed
58 under this section, and unless the net rent received is dedicated to one
59 or more of the uses permitted under subsection three (3) of this section
60 for dedication of net receipts. This subsection shall not apply where
61 the rented premises are those upon which a qualified organization
62 usually carries out a lawful business other than operating games of
63 skill, games of chance or raffles. However, a qualified organization
64 may rent premises other than from a licensed qualified organization to
65 be used for the conduct of games of skill, games of chance and raffles,
66 and the person from whom the premises are rented may impose and
67 collect rent for such use of those premises, but only if all of the follow-
68 ing are complied with:

69 a. The rent imposed and collected shall not be a percentage of or
70 otherwise related to the amount of the receipts of the game or raffle.

71 b. The qualified organization shall have the right to terminate any
72 rental agreement at any time without penalty and without forfeiture
73 of any sum.

74 c. The person from whom the premises are rented shall not be a li-
75 quor control licensee or beer permittee with respect to those premises or
76 with respect to adjacent premises.

77 The board of directors of a school district may authorize that public
78 schools within that district, and the policy-making body of a nonpublic
79 school, may authorize that games of skill, games of chance, bingo and

80 raffles may be held at bona fide school functions, such as carnivals,
81 fall festivals, bazaars and similar events. Each school shall obtain a li-
82 cense pursuant to this section prior to permitting such games or activi-
83 ties on the premises.

84 3. a. A person wishing to conduct games and raffles pursuant to this
85 section as a qualified organization shall submit an application and a li-
86 cense fee of twenty-five dollars. However, upon submission of an appli-
87 cation accompanied by a license fee of fifteen dollars, a person may be
88 issued a limited license which shall authorize the person to conduct all
89 games and raffles pursuant to this section at a specified location and
90 during a specified period of fourteen consecutive calendar days. A lim-
91 ited license shall not be issued more than once during any twelve-
92 month period to the same person, or for the same location.

93 b. A person or the agent of a person submitting application to con-
94 duct games pursuant to this section as a qualified organization shall
95 certify as a part of that application that the net receipts of all games
96 either shall be distributed as prizes to participants or shall be dedicated
97 and distributed to educational, civic, public, charitable, patriotic or re-
98 ligious uses in this state. "Educational, civic, public, charitable, pa-
99 triotic, or religious uses" means uses benefiting a society for the
100 prevention of cruelty to animals or animal rescue league or uses bene-
101 fitting an indefinite number of persons either by bringing them under
102 the influence of education or religion or relieving them from disease,
103 suffering, or constraint, or by erecting or maintaining public buildings
104 or works, or otherwise lessening the burden of government but do not
105 include the erection, acquisition, improvement, maintenance, or repair
106 of real, personal or mixed property unless it is used exclusively for one
107 or more of the uses stated. "Public uses" specifically includes dedica-
108 tion of net receipts to political parties as defined in section 43.2.
109 "Charitable uses" includes uses benefiting a definite number of persons
110 who are the victims of loss of home or household possessions through
111 explosion, fire, flood, or storm and the loss is uncompensated by insur-
112 ance, and uses benefiting a definite number of persons suffering from a
113 seriously disabling disease or injury, causing severe loss of income or
114 incurring extraordinary medical expense, which is uncompensated by
115 insurance.

116 c. A qualified organization shall distribute amounts awarded as priz-
117 es on the day the prizes are won. A qualified organization shall dedi-
118 cate and distribute the balance of the net receipts not later than one
119 hundred eighty days from the date received. A person desiring to hold
120 the net receipts for a period longer than one hundred eighty days must
121 apply to the department for special permission and upon good cause
122 shown the department may grant the request.

123 4. It is lawful for an individual other than a person conducting
124 games or raffles to participate in games or raffles conducted by a quali-
125 fied organization, whether or not there is compliance with subsections
126 two (2) and three (3) of this section: However, it is unlawful for the in-
127 dividual to participate where the individual has knowledge of or rea-
128 son to know facts which constitute a failure to comply with subsec-
129 one (1) of this section.

1 SEC. 10. Section ninety-nine B point eight (99B.8), Code 1975, is
2 amended by striking the section and inserting in lieu thereof the fol-
3 lowing:

4 **99B.8 Annual game night.**

5 1. Games of skill, games of chance, card games and raffles lawfully
6 may be conducted during a period of twelve consecutive hours once

*According to enrolled Act

7 each year at any location, or by any person, except one for which a li-
8 cense is required pursuant to section five (5) or section seven (7) of this
9 Act, or except a location covered by a class "C", or class "D" liquor
10 control license, or any beer permit unless such location has been li-
11 censed pursuant to section eight (8) of this Act as premises upon which
12 gambling is allowed, but only if all of the following are complied with:

13 a. The sponsor of the event has been issued a license pursuant to sec-
14 tion* three (3) of this section and prominently displays that license
15 on the premises covered by the license.

16 b. A bona fide social or employment relationship exists between the
17 sponsor and all of the participants.

18 c. No participant pays any consideration of any nature, either di-
19 rectly or indirectly, to participate in the games or raffles.

20 d. All money or other items wagered are provided to the participant
21 free by the sponsor.

22 e. The person conducting the game or raffle receives no consider-
23 ation, either directly or indirectly, other than good will.

24 f. During the entire time activities permitted by this section are
25 being engaged in, no other gambling is engaged in at the same loca-
26 tion.

27 2. The other provisions of this section notwithstanding, if the games
28 or raffles are conducted by a qualified organization also licensed under
29 section nine (9) of this Act, the sponsor may charge an entrance fee or
30 a fee to participate in the games or raffles, and participants may wager
31 their own funds and pay an entrance or other fee for participation,
32 provided that a participant may not expend more than a total of fifty
33 dollars for all fees and wagers. The provisions of paragraphs b and c of
34 subsection three (3) of section nine (9) of this Act shall apply to games
35 and raffles conducted by a qualified organization pursuant to this sec-
36 tion.

37 3. The department may issue a license pursuant to this section only
38 once during a calendar year to any one person or for any one location.
39 The license may be issued only upon submission to the department of
40 an application and a license fee of twenty-five dollars.

1 SEC. 11. Section ninety-nine B point nine (99B.9), Code 1975, is
2 amended by striking the section and inserting in lieu thereof the fol-
3 lowing:

4 **99B.9 Gambling in public places.**

5 1. Except as otherwise permitted by sections five (5), seven (7), eight
6 (8), nine (9), ten (10), or thirteen (13), of this Act, it is unlawful to per-
7 mit gambling on any premises owned, leased, rented, or otherwise oc-
8 cupied by a person other than a government, governmental agency or
9 subdivision, unless all of the following are complied with:

10 a. The person occupying the premises as an owner or tenant has sub-
11 mitted an application for a license and an application fee of twenty-
12 five dollars, and has been issued a license for those premises, and
13 prominently displays the license on the premises.

14 b. The holder of the license or any agent or employee of the license
15 holder does not participate in, sponsor, conduct, or promote, or act as
16 cashier or banker for any gambling activities.

17 c. Gambling other than social games is not engaged in on the prem-
18 ises covered by the license or permit.

19 d. Concealed numbers or conversion charts are not used to play any
20 game, and a game is not adapted with any control device to permit
21 manipulation of the game by the operator in order to prevent a player
22 from winning or to predetermine who the winner will be, and the ob-

*According to enrolled Act

23 ject of the game is attainable and possible to perform under the rules
24 stated from the playing position of the player.

25 e. The game must be conducted in a fair and honest manner.

26 f. No person receives or has any fixed or contingent right to receive,
27 directly or indirectly any amount wagered or bet or any portion of
28 amounts wagered or bet, except an amount which the person wins as a
29 participant while playing on the same basis as every other participant.

30 g. No cover charge, participation charge or other charge is imposed
31 upon a person admitted to the premises, whether or not the person partic-
32 ipates in gambling, and no rebate, discount, credit, or other method
33 is used to discriminate between the charge for goods or services to partic-
34 ipants in gambling and the charge for goods or services to nonpartic-
35 ipants.

36 h. No participant wins or loses more than a total of fifty dollars or
37 other consideration equivalent thereto in all games and activities at
38 any one time during any period of twenty-four consecutive hours or
39 over that entire period. For the purpose of this paragraph, a person
40 wins the total amount at stake in any game, wager or bet, regardless of
41 any amount that person may have contributed to the amount at stake.

42 i. No participant is participating as an agent of another person.

43 j. A representative of the department of revenue or a law enforce-
44 ment agency is immediately admitted, upon request, to the premises
45 with or without advance notice.

46 2. The holder of a license issued pursuant to this section shall be
47 strictly accountable for maintaining compliance with subsection one (1)
48 of this section, and proof of any violation shall constitute grounds for
49 revocation of the license issued pursuant to this section, whether or not
50 the holder of the license had knowledge of the facts constituting the vi-
51 olation.

52 3. A participant in a social game which is not in compliance with
53 this section shall be liable for a criminal penalty only if that partici-
54 pant has knowledge of or reason to know the facts constituting the vio-
55 lation.

56 4. The holder of a license issued pursuant to this section and every
57 agent of that licensee who is required by the licensee to exercise control
58 over the use of the premises who knowingly permits acts or omissions
59 which constitute a violation of subsection one (1) of this section com-
60 mits a misdemeanor. A licensee has knowledge of acts or omissions if
61 any agent of the licensee has knowledge of those acts or omissions.

62 5. This section shall not apply to premises or portions of premises
63 constituting the living quarters of the actual residence of an individual
64 if that individual is a participant in the activities permitted by this
65 section.

1 SEC. 12. Section ninety-nine B point ten (99B.10), Code 1975, is
2 amended by striking the section and inserting in lieu thereof the fol-
3 lowing:

4 DIVISION III

5 GAMES FOR WHICH A LICENSE IS NOT REQUIRED

6 **99B.10 Mechanical and electronic amusement devices.** It is
7 lawful to own, possess, and offer for use by any person at any location
8 an electrical or mechanical amusement device, but only if all of the
9 following are complied with:

10 1. A prize of cash or merchandise shall not be awarded for use of the
11 device. However, a mechanical or amusement device may be designed
12 or adapted to award one or more free games or portions of games with-
13 out payment of additional consideration by the participant.

14 2. An amusement device shall not be designed or adapted to cause or
 15 to enable a person to cause the release of free games or portions of
 16 games when designated as a potential award for use of the device, and
 17 shall not contain any meter or other measurement device for recording
 18 the number of free games or portions of games which are awarded.

19 3. An amusement device shall not be designed or adapted to enable
 20 a person using the device to increase the chances of winning free games
 21 or portions of games by paying more than is ordinarily required to
 22 play the game.

23 It is lawful for an individual other than an owner or promoter of an
 24 amusement device to operate an amusement device, whether or not the
 25 amusement device is owned, possessed or offered for use in compliance
 26 with this section.

27 The use of an amusement device which complies with this section
 28 shall not be deemed gambling.

1 SEC. 13. Section ninety-nine B point eleven (99B.11), Code 1975, is
 2 amended by striking the section and inserting in lieu thereof the fol-
 3 lowing:

4 **99B.11 Bona fide contests.**

5 1. It is lawful for a person to conduct any of the contests specified in
 6 subsection two (2) of this section, and to offer and pay awards to per-
 7 sons winning in those contests whether or not entry fees, participation
 8 fees, or other charges are assessed against or collected from the partici-
 9 pants, but only if all of the following are complied with:

10 a. The contest is not held at an amusement concession.

11 b. No gambling device is used in conjunction with, or incident to the
 12 contest.

13 c. The contest is not conducted in whole or in part on or in any
 14 property subject to chapter two hundred ninety-seven (297) of the
 15 Code, relating to schoolhouses and schoolhouse sites, unless the contest
 16 and the person conducting the contest has the express written approval
 17 of the governing body of that school district.

18 d. The contest is conducted in a fair and honest manner. A contest
 19 shall not be designed or adapted to permit the operator of the contest
 20 to prevent a participant from winning or to predetermine who the win-
 21 ner will be, and the object of the contest must be attainable and possi-
 22 ble to perform under the rules stated.

23 2. A contest is not lawful unless it is one of the following contests:

24 a. Athletic or sporting contests, leagues or tournaments, rodeos,
 25 horse shows, golf, bowling, trap or skeet shoots, fly casting, tractor pull-
 26 ing, rifle, pistol, musket, muzzle-loader, archery and horseshoe contests,
 27 leagues or tournaments.

28 b. Horse races, harness racing, ski, airplane, snowmobile, raft, boat,
 29 bicycle and motor vehicle races.

30 c. Contests or exhibitions of cooking, horticulture, livestock, poultry,
 31 fish or other animals, artwork, hobbywork or craftwork, except those
 32 prohibited by section seven hundred twenty-six point seven (726.7) of
 33 the Code.

1 SEC. 14. Chapter ninety-nine B (99B), Code 1975, is amended by
 2 adding the following new section:

3 **NEW SECTION. Games between individuals.**

4 1. Except in instances where because of the location of the game or
 5 the circumstances of the game section five (5), section seven (7), section
 6 eight (8), section nine (9), section ten (10), or section eleven (11) of this
 7 Act is applicable, individuals may participate in gambling specified in
 8 subsection two (2) of this section, but only if all of the following are
 9 complied with:

- 10 a. The gambling is incidental to a bona fide social relationship be-
11 tween all participants.
- 12 b. The gambling is not participated in, either wholly or in part, on
13 or in any property subject to chapter 297, relating to schoolhouses and
14 schoolhouse sites.
- 15 c. All participants in the gambling are individuals, and no partici-
16 pant may participate as the agent of another person.
- 17 d. The gambling shall be fair and honest, and shall not be designed,
18 devised or adapted to permit predetermination of the winner, or to
19 prevent a participant from winning, and no concealed numbers or con-
20 version charts may be used to determine the winner of any game.
- 21 e. No person receives or has any fixed or contingent right to receive,
22 directly or indirectly, any profit, remuneration, or compensation from
23 or as a result of the gambling, except any amount which the person
24 may win as a participant on the same basis as the other participants.
- 25 f. No person may participate in any wager, bet or pool which relates
26 to an athletic event or contest and which is authorized or sponsored by
27 one or more schools, educational institutions, or interscholastic athletic
28 organizations if the person is a coach, official, player or contestant in
29 the athletic event or contest.
- 30 g. No participant wins or loses more than a total of fifty dollars or
31 other consideration equivalent thereto in one or more games or activi-
32 ties permitted by this section at any time during any period of twenty-
33 four consecutive hours or over that entire period. For the purpose of
34 this paragraph a person wins the total amount at stake in any game,
35 wager or bet, regardless of any amount that person may have contrib-
36 uted to the amount at stake.
- 37 h. No participant pays an entrance fee, cover charge, or other charge
38 for the privilege of participating in gambling, or for the privilege of
39 gaining access to the location in which gambling occurs.
- 40 i. In any game requiring a dealer or operator, the participants must
41 have the option to take their turn at dealing or operating the game in
42 a regular order according to the standard rules of the game.
- 43 2. Games which are permitted by this section are limited to the fol-
44 lowing:
- 45 a. Card and parlor games, including but not limited to poker, pi-
46 nochle, pitch, gin rummy, bridge, euchre, hearts, cribbage, dominos,
47 checkers, chess, backgammon and darts. However, it shall be unlawful
48 gambling for any person to engage in bookmaking, or to play any
49 punchboard, pushcard, pull-tab or slot machine, or to play craps,
50 chuck-a-luck, roulette, klondike, blackjack, chemin de fer, baccarat,
51 faro, equality, three card monte or any other game, except poker,
52 which is customarily played in gambling casinos and in which the
53 house customarily provides a banker, dealer or croupier to operate the
54 game, or a specially designed table upon which to play same.
- 55 b. Games of skill and games of chance, except those prohibited by
56 paragraph a of this subsection.
- 57 c. Wagers or bets between two or more individuals who are physical-
58 ly in the presence of each other with respect to a contest specified in
59 subsection two (2) of section thirteen (13) of this Act, except as provid-
60 ed in paragraph g of subsection one (1) of this section, or with respect
61 to any other event or outcome which does not depend upon gambling
62 or the use of a gambling device unlawful in this state.
- 63 3. An individual may not be convicted of a violation of this section
64 unless the individual had knowledge of or reason to know the facts
65 constituting the violation.

1 SEC. 15. Chapter ninety-nine B (99B), Code 1975, is amended by
2 adding the following new sections:

3 DIVISION IV

4 RULES—LICENSE PROCEEDINGS—PENALTIES.

5 NEW SECTION. **Administrative rules.** The department may adopt,
6 amend and repeal rules pursuant to chapter seventeen A (17A) of the
7 Code to carry out the provisions of this Act. Rules adopted by the di-
8 rector may include but are not limited to the following:

9 1. Descriptions of books, records and accounting required.

10 2. Requirements for qualified organizations.

11 3. Methods of displaying costs and explanations of games and rules.

12 4. Defining unfair or dishonest games, acts or practices.

13 NEW SECTION. **Revocation of license.** The department shall re-
14 voke a license issued pursuant to this Act if the licensee or any agent
15 of the licensee violates or permits a violation of any of the provisions
16 of this Act, or if any cause exists for which the director would have
17 been justified in refusing to issue a license, or upon the conviction of
18 any person of a violation of this Act which occurred on the licensed
19 premises.

20 Revocation proceedings shall be held only after giving notice and an
21 opportunity for hearing to the licensee. Notice shall be given at least
22 ten days in advance of the date set for hearing. If the department
23 finds cause for revocation, the license shall be revoked and thereafter
24 no license may be issued to the person, or to the agent of the person
25 found to be in violation of this Act.

26 NEW SECTION. **Applicability of chapter.** It is the intent and pur-
27 pose of this chapter to authorize gambling in this state only to the ex-
28 tent specifically permitted by a section of this chapter. Except as
29 otherwise provided in this chapter, the knowing failure of any person
30 to comply with the limitations imposed by this chapter constitutes un-
31 lawful gambling, a misdemeanor, which is punishable as provided in
32 chapter seven hundred twenty-six (726) of the Code.

33 NEW SECTION. **Failure to maintain or submit records.** A licen-
34 see who willfully fails to maintain the records when required by section
35 four (4) of this Act, or who willfully fails to submit records when re-
36 quired by that section commits a misdemeanor punishable by imprison-
37 ment in the county jail for not more than one year, or by a fine of not
38 more than one thousand dollars, or by both imprisonment and fine.

39 NEW SECTION. **Gambling on credit unlawful.** A person who tend-
40 ers and a person who receives any promise, agreement, note, bill, bond,
41 contract, mortgage or other security, or any negotiable instrument, as
42 consideration for any wager or bet, whether or not lawfully conducted
43 or engaged in pursuant to this chapter, commits a misdemeanor. This
44 section shall not prohibit the payment by check of any entry or partici-
45 pation fee assessed by the sponsor of a contest lawful under section
46 thirteen (13) of this Act.

47 NEW SECTION. **Company games.** Games of skill, games of chance,
48 card games and raffles may be conducted on premises either licensed or
49 unlicensed and no license fee shall be required therefor provided a
50 bona fide social, employment, trade or professional association rela-
51 tionship exists between the sponsors and the participants and the par-
52 ticipants pay no consideration of any nature, either directly or
53 indirectly, to participate in the games or raffles, and only play money
54 or other items of no intrinsic value which may be wagered are provided
55 to the participant free, and the sponsor conducting the game or raffle
56 receives no consideration, either directly or indirectly, other than good-
57 will.

58 Any gambling device intended for use or used as herein provided
59 shall be exempt from the provisions of section twenty (20) of this Act.

1 SEC. 16. Section one hundred twenty-three point forty-nine
2 (123.49), subsection two (2), paragraph a, Code 1975, is amended to
3 read as follows:

4 a. Knowingly permit any ~~gaming~~, gambling, *except in accordance*
5 *with chapter ninety-nine B (99B) of the Code, or knowingly permit*
6 *solicitation for immoral purposes, or immoral or disorderly conduct on*
7 *the premises covered by the license or permit. This paragraph shall not*
8 *apply to games of skill, games of chance, or raffle conducted pursuant*
9 *to chapter 99B, or to devices lawful under section 99B.10 or to games*
10 *lawful under section 726.12.*

1 SEC. 17. Section five hundred thirty-seven A point four (537A.4),
2 unnumbered paragraph two (2), Code 1975, is amended to read as fol-
3 lows:

4 This section shall not apply to a contract for the operation of or for
5 the sale or rental of equipment for games of skill or games of chance, if
6 both the contract and the games are in compliance with chapter 99B or
7 section 726.12.

1 SEC. 18. Section seven hundred twenty-six point one (726.1), Code
2 1975, is amended to read as follows:

3 **726.1 Keeping gambling houses.** *If any person keep Any per-*
4 *son who keeps a house, shop, or place resorted to for the purpose of*
5 *gambling, or permit or suffer permits any person in any house, shop,*
6 *or other place under his control or care to conduct bookmaking or to*
7 *play at cards, dice, faro, roulette, equality, punchboard, slot machine*
8 *or other game for money or other thing, such offender shall be fined in*
9 *a sum not less than fifty nor more than three hundred dollars, or be*
10 *imprisoned in the county jail not exceeding one year, or both commits*
11 *a misdemeanor.*

1 SEC. 19. Section seven hundred twenty-six point three (726.3), Code
2 1975, is amended to read as follows:

3 **726.3 Gaming and betting—penalty.** *If any person play at Any*
4 *person who participates in any game for any sum of money or other*
5 *property of any value, or make any who makes any bet or wager for*
6 *money or other property of value, he shall be guilty of or who engages*
7 *in bookmaking commits a misdemeanor.*

1 SEC. 20. Section seven hundred twenty-six point five (726.5), Code
2 1975, is amended to read as follows:

3 **726.5 Possession of gambling devices prohibited.** No one
4 shall, in any manner or for any purpose whatever, except under pro-
5 ceeding to destroy the same, have, keep, or hold in possession or con-
6 trol any ~~roulette wheel, klondike table, poker table, punchboard, faro,~~
7 ~~or keno layouts or any other machines used for gambling, or any slot~~
8 ~~machine or device with an element of chance attending such operation~~
9 *gambling device. The term "gambling device" means and includes*
10 *every device used or adapted or designed to be used for gambling.*
11 *Roulette wheels, klondike tables, punchboards, faro layouts, keno*
12 *layouts, numbers tickets, slot machines, pinball machines, push*
13 *cards, jar tickets and pull-tabs are gambling devices per se. The*
14 *term "gambling device" does not include any device regularly man-*
15 *ufactured and offered for sale and sold as a toy, except that any use*
16 *of such a device for gambling purposes constitutes unlawful gam-*
17 *bling.*

1 SEC. 21. Section seven hundred twenty-six point eight (726.8), un-
2 numbered paragraph one (1), Code 1975, is amended to read as fol-
3 lows:

4 If any person make or aid in making or establishing, or advertise or
5 make public any scheme for any lottery; or advertise, offer for sale,
6 sell, negotiate, dispose of, purchase, or receive any ticket or part of a
7 ticket in any lottery or number thereof; or have in his possession any
8 ticket, part of a ticket, or paper purporting to be the number of any
9 ticket of any lottery, with intent to sell or dispose of the same on his
10 own account or as the agent of another, ~~he shall be imprisoned in the~~
11 ~~county jail not more than thirty days, or be fined not exceeding one~~
12 ~~hundred dollars, or both the person commits a misdemeanor.~~

1 SEC. 22. Section seven hundred twenty-six point eleven (726.11),
2 Code 1975, is amended to read as follows:

3 **726.11 Exceptions.** Sections 726.1 to 726.6, and section 726.8
4 shall not apply to ~~games of skill, games of chance and raffles conduct-~~
5 ~~ed pursuant to chapter 99B and shall not apply to mechanical or elec-~~
6 ~~tronic amusement devices lawful under section 99B.10, or games lawful~~
7 ~~under section 726.12 any game, activity or device when lawfully pos-~~
8 ~~sessed, used, conducted or participated in pursuant to chapter~~
9 ~~ninety-nine B (99B) of the Code.~~

1 SEC. 23. Chapter seven hundred twenty-six (726), Code 1975, is
2 amended by adding the following new section:

3 **NEW SECTION. Penalty.** A person who commits an offense declared
4 in this chapter or chapter ninety-nine B (99B) of the Code to be a mis-
5 demeanor shall be subject to imprisonment in the county jail for a pe-
6 riod not exceeding one year, or to a fine not exceeding one thousand
7 dollars, or to both fine and imprisonment.

1 SEC. 24. Chapter seven hundred twenty-six (726), Code 1975, is
2 amended by adding the following new sections:

3 **NEW SECTION. Protection money prohibited.** Any officer or em-
4 ployee of this state, or of a county, city, or judicial district who asks
5 for, receives or collects any money or other consideration for and with
6 the understanding that the officer or employee will aid, exempt, or
7 otherwise protect another person from detection, arrest or conviction of
8 any violation of this chapter or chapter ninety-nine B (99B) of the
9 Code commits a felony punishable by a fine not to exceed five thou-
10 sand dollars or by imprisonment for a term not to exceed two years, or
11 by both fine and imprisonment.

12 **NEW SECTION. Collection service prohibited.** Any person who
13 knowingly offers, gives or sells his or her services for use in collecting
14 or enforcing any debt arising from gambling, whether or not lawful
15 gambling, commits a felony, punishable by a fine not to exceed five
16 thousand dollars or by imprisonment for a term not to exceed two
17 years, or by both fine and imprisonment.

1 SEC. 25. Sections seven hundred twenty-six point twelve (726.12)
2 and seven hundred twenty-six point thirteen (726.13), Code 1975, are
3 repealed.

Approved July 17, 1975

This Act was passed by the G.A. prior to July 1, 1975; see §3.7 of the Code