

MAR 9 2005  
Place On Calendar

HOUSE FILE 646  
BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO HSB 162)

Passed House, Date 3-15-05 Passed Senate, Date \_\_\_\_\_  
Vote: Ayes 97 Nays 1 Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved 5/4/05

**A BILL FOR**

1 An Act concerning social and charitable gambling, including the  
2 regulation of cash raffles at fairs, prohibiting raffles at  
3 annual game nights, establishing a permanent electrical and  
4 mechanical amusement devices special fund and providing an  
5 appropriation, prohibiting certain electrical or mechanical  
6 amusement devices and bona fide contests, and providing for  
7 the denial, suspension, and revocation of certain gambling  
8 licenses by the department of inspections and appeals.

HF 646

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

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**HOUSE FILE 646**

**H-1060**

1 Amend House File 646 as follows:  
2 1. Page 2, line 17, by inserting before the word  
3 "shall" the following: "required to be registered as  
4 provided in this section".

**By** RAECKER of Polk

**H-1060** FILED MARCH 14, 2005

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1 Section 1. Section 99B.5, subsection 1, paragraphs e and  
2 g, Code 2005, are amended to read as follows:

3 e. Except with respect to an annual raffle as provided in  
4 paragraph "g", and subsection 3, cash prizes are not awarded  
5 and merchandise prizes are not repurchased.

6 g. The actual retail value of any prize does not exceed  
7 one thousand dollars. If a prize consists of more than one  
8 item, unit, or part, the aggregate retail value of all items,  
9 units, or parts shall not exceed one thousand dollars.

10 However, either a fair sponsor or a qualified organization,  
11 but not both, may hold one raffle per calendar year at which  
12 prizes having a combined value of more than one thousand  
13 dollars may be offered. If the prize for the annual raffle is  
14 cash, the total cash amount awarded shall not exceed two  
15 hundred thousand dollars. If the prize is merchandise, its  
16 value shall be determined by the purchase price paid by the  
17 fair sponsor or qualified organization.

18 Sec. 2. Section 99B.5, subsection 3, unnumbered paragraph  
19 1, Code 2005, is amended to read as follows:

20 A licensee under this section may hold one real property  
21 raffle per calendar year in lieu of the annual raffle  
22 authorized in subsection 1, paragraph "g", at which the value  
23 of the real property may exceed one thousand dollars ~~in lieu~~  
24 ~~of the~~ or an annual raffle of cash as authorized in subsection  
25 1, paragraph "g", if the total cash amount awarded is one  
26 hundred thousand dollars or more, if all of the following  
27 applicable requirements are met:

28 Sec. 3. Section 99B.5, subsection 3, paragraph a, Code  
29 2005, is amended to read as follows:

30 a. The licensee has submitted the special real property or  
31 cash raffle license application and a fee of one hundred  
32 dollars to the department, has been issued a license, and  
33 prominently displays the license at the drawing area of the  
34 raffle.

35 Sec. 4. Section 99B.5, subsection 4, Code 2005, is amended

1 to read as follows:

2 4. For each real property or cash raffle license issued  
3 pursuant to subsection 3, the department shall conduct a  
4 special audit of the raffle to verify compliance with the  
5 appropriate requirements of this chapter.

6 Sec. 5. Section 99B.8, subsection 1, unnumbered paragraph  
7 1, Code 2005, is amended to read as follows:

8 Games of skill, games of chance, and card games ~~and-raffies~~  
9 lawfully may be conducted during a period of twelve  
10 consecutive hours once each year by any person. The games ~~or~~  
11 ~~raffies~~ may be conducted at any location except one for which  
12 a license is required pursuant to section 99B.3 or section  
13 99B.5, but only if all of the following are complied with:

14 Sec. 6. Section 99B.10, Code 2005, is amended by adding  
15 the following new subsection:

16 NEW SUBSECTION. 9. An electrical or mechanical amusement  
17 device shall not be a gambling device, as defined in section  
18 725.9, or a device that plays poker, blackjack, or keno.

19 Sec. 7. NEW SECTION. 99B.10D ELECTRICAL AND MECHANICAL  
20 AMUSEMENT DEVICES -- SPECIAL FUND.

21 Fees collected by the department pursuant to sections  
22 99B.10 and 99B.10A shall be deposited in a special fund  
23 created in the state treasury. Moneys in the fund are  
24 appropriated to the department of inspections and appeals and  
25 the department of public safety for administration and  
26 enforcement of sections 99B.10, 99B.10A, 99B.10B, and 99B.10C,  
27 including employment of necessary personnel. The distribution  
28 of moneys in the fund to the department of inspections and  
29 appeals and the department of public safety shall be pursuant  
30 to a written policy agreed upon by the departments.

31 Notwithstanding section 12C.7, subsection 2, interest or  
32 earnings on moneys deposited in the fund shall be credited to  
33 the fund. Notwithstanding section 8.33, moneys remaining in  
34 the fund at the end of a fiscal year shall not revert to the  
35 general fund of the state.

1     Sec. 8. Section 99B.11, Code 2005, is amended by adding  
2 the following new subsection:

3     NEW SUBSECTION. 3. A poker, blackjack, craps, keno, or  
4 roulette contest, league, or tournament shall not be  
5 considered a bona fide contest under this section.

6     Sec. 9. Section 99B.14, Code 2005, is amended to read as  
7 follows:

8     99B.14 ~~REVOCAATION-OF~~ LICENSE DENIAL, SUSPENSION, AND  
9 REVOCAATION.

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

24    ~~Revocation-proceedings-shall-be-held-only-after-giving~~  
25 ~~notice-and-an-opportunity-for-hearing-to-the-licensee---Notice~~  
26 ~~shall-be-given-at-least-ten-days-in-advance-of-the-date-set~~  
27 ~~for-hearing---If-the-department-finds-cause-for-revocation,~~  
28 ~~the-license-shall-be-revoked-for-a-period-not-to-exceed-two~~  
29 ~~years-~~

30    2. The process for denial, suspension, or revocation of a  
31 license shall commence by delivering to the applicant or  
32 licensee by certified mail, return receipt requested, or by  
33 personal service a notice setting forth the particular reasons  
34 for such action.

35    a. If a written request for a hearing is not received

1 within thirty days after the mailing or service of the notice,  
2 the denial, suspension, or revocation of a license shall  
3 become effective pending a final determination by the  
4 department. The determination involved in the notice may be  
5 affirmed, modified, or set aside by the department in a  
6 written decision.

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

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

28 4. The procedure governing hearings authorized by this  
29 section shall be in accordance with the rules promulgated by  
30 the department and chapter 17A.

31 5. If the department finds cause for denial of a license,  
32 the applicant may not reapply for the same license for a  
33 period of two years. If the department finds cause for  
34 suspension, the license shall be suspended for a period  
35 determined by the department. If the department finds cause

1 for revocation, the license shall be revoked for a period not  
2 to exceed two years.

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EXPLANATION

4 This bill concerns social and charitable gambling as  
5 provided for in Code chapter 99B.

6 Code section 99B.5, concerning raffles at fairs, is amended  
7 to provide that the total amount awarded for an annual cash  
8 raffle is limited to a maximum of \$200,000. The bill also  
9 provides that if the cash to be awarded at a raffle is  
10 \$100,000 or more, the requirements applicable to real property  
11 raffles where the value of the real property exceeds \$1,000  
12 shall also apply. As a result, a licensee seeking to conduct  
13 a cash raffle of \$100,000 or more is required to get a special  
14 cash raffle license and the department of inspections and  
15 appeals is required to conduct a special audit of the raffle.

16 Code section 99B.8 is amended to provide that raffles are  
17 not permitted at an annual game night.

18 Code section 99B.10 is amended to prohibit an electrical or  
19 mechanical amusement device that is in the nature of a  
20 gambling device as described by Code section 725.9 or plays  
21 poker, blackjack, or keno.

22 New Code section 99B.10D provides for the establishment of  
23 a permanent electrical and mechanical amusement devices  
24 special fund. The bill provides that fees collected by the  
25 department of inspections and appeals for amusement devices  
26 shall be deposited in the fund and shall be appropriated to  
27 the department of inspections and appeals and the department  
28 of public safety for administration and enforcement of  
29 provisions governing these amusement devices. A special fund  
30 currently exists for the same purpose, but that fund only  
31 provides for the deposit of fees collected in fiscal years  
32 beginning July 1, 2003, and July 1, 2004. The bill codifies  
33 and makes the fund permanent.

34 Code section 99B.11 is amended to provide that poker,  
35 blackjack, craps, keno, or roulette contests, leagues, or

1 tournaments are not permissible bona fide contests that any  
2 person may conduct.

3 Code section 99B.14 is amended to provide that the  
4 department of inspections and appeals has the authority to  
5 deny or suspend a license if the department finds that an  
6 applicant or licensee has violated a provision of Code chapter  
7 99B. Under current law, the department may only revoke a  
8 license for a violation of the chapter. The bill also  
9 provides for the administrative procedure the department shall  
10 follow if it intends to deny, revoke, or suspend a license.  
11 The bill includes provisions governing notice, requests for  
12 hearing, appeals, and penalties. The bill provides that the  
13 department may suspend a license pending a hearing if the  
14 director finds that the public integrity of the licensed  
15 activity is compromised or there is a risk to public health,  
16 safety, or welfare. The bill provides that hearings conducted  
17 by the department shall comply with the Iowa administrative  
18 procedure Act. The bill also provides that if an applicant  
19 for a license is denied, the applicant may not reapply for two  
20 years. In addition, if a license is suspended, the bill  
21 provides that the department shall determine the length of the  
22 suspension. Current law providing that a revocation remains  
23 in effect for no more than two years is unchanged by the bill.

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HOUSE FILE 646  
BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO HSB 162)

(As Amended and Passed by the House March 15, 2005)

Re- Passed House, Date 4-27-05 Passed Senate, Date 4-14-05  
Vote: Ayes 82 Nays 18 Vote: Ayes 50 Nays 0  
Approved \_\_\_\_\_

A BILL FOR

1 An Act concerning social and charitable gambling, including the  
2 regulation of cash raffles at fairs, prohibiting raffles at  
3 annual game nights, establishing a permanent electrical and  
4 mechanical amusement devices special fund and providing an  
5 appropriation, prohibiting certain electrical or mechanical  
6 amusement devices and bona fide contests, and providing for  
7 the denial, suspension, and revocation of certain gambling  
8 licenses by the department of inspections and appeals.

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

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House Amendments \_\_\_\_\_

1 Section 1. Section 99B.5, subsection 1, paragraphs e and  
2 g, Code 2005, are amended to read as follows:

3 e. Except with respect to an annual raffle as provided in  
4 paragraph "g", and subsection 3, cash prizes are not awarded  
5 and merchandise prizes are not repurchased.

6 g. The actual retail value of any prize does not exceed  
7 one thousand dollars. If a prize consists of more than one  
8 item, unit, or part, the aggregate retail value of all items,  
9 units, or parts shall not exceed one thousand dollars.  
10 However, either a fair sponsor or a qualified organization,  
11 but not both, may hold one raffle per calendar year at which  
12 prizes having a combined value of more than one thousand  
13 dollars may be offered. If the prize for the annual raffle is  
14 cash, the total cash amount awarded shall not exceed two  
15 hundred thousand dollars. If the prize is merchandise, its  
16 value shall be determined by the purchase price paid by the  
17 fair sponsor or qualified organization.

18 Sec. 2. Section 99B.5, subsection 3, unnumbered paragraph  
19 1, Code 2005, is amended to read as follows:

20 A licensee under this section may hold one real property  
21 raffle per calendar year in lieu of the annual raffle  
22 authorized in subsection 1, paragraph "g", at which the value  
23 of the real property may exceed one thousand dollars ~~in lieu~~  
24 ~~of the~~ or an annual raffle of cash as authorized in subsection  
25 1, paragraph "g", if the total cash amount awarded is one  
26 hundred thousand dollars or more, if all of the following  
27 applicable requirements are met:

28 Sec. 3. Section 99B.5, subsection 3, paragraph a, Code  
29 2005, is amended to read as follows:

30 a. The licensee has submitted the special real property or  
31 cash raffle license application and a fee of one hundred  
32 dollars to the department, has been issued a license, and  
33 prominently displays the license at the drawing area of the  
34 raffle.

35 Sec. 4. Section 99B.5, subsection 4, Code 2005, is amended

1 to read as follows:

2 4. For each real property or cash raffle license issued  
3 pursuant to subsection 3, the department shall conduct a  
4 special audit of the raffle to verify compliance with the  
5 appropriate requirements of this chapter.

6 Sec. 5. Section 99B.8, subsection 1, unnumbered paragraph  
7 1, Code 2005, is amended to read as follows:

8 Games of skill, games of chance, and card games ~~and-raffles~~  
9 lawfully may be conducted during a period of twelve  
10 consecutive hours once each year by any person. The games ~~or~~  
11 raffles may be conducted at any location except one for which  
12 a license is required pursuant to section 99B.3 or section  
13 99B.5, but only if all of the following are complied with:

14 Sec. 6. Section 99B.10, Code 2005, is amended by adding  
15 the following new subsection:

16 NEW SUBSECTION. 9. An electrical or mechanical amusement  
17 device required to be registered as provided in this section  
18 shall not be a gambling device, as defined in section 725.9,  
19 or a device that plays poker, blackjack, or keno.

20 Sec. 7. NEW SECTION. 99B.10D ELECTRICAL AND MECHANICAL  
21 AMUSEMENT DEVICES -- SPECIAL FUND.

22 Fees collected by the department pursuant to sections  
23 99B.10 and 99B.10A shall be deposited in a special fund  
24 created in the state treasury. Moneys in the fund are  
25 appropriated to the department of inspections and appeals and  
26 the department of public safety for administration and  
27 enforcement of sections 99B.10, 99B.10A, 99B.10B, and 99B.10C,  
28 including employment of necessary personnel. The distribution  
29 of moneys in the fund to the department of inspections and  
30 appeals and the department of public safety shall be pursuant  
31 to a written policy agreed upon by the departments.

32 Notwithstanding section 12C.7, subsection 2, interest or  
33 earnings on moneys deposited in the fund shall be credited to  
34 the fund. Notwithstanding section 8.33, moneys remaining in  
35 the fund at the end of a fiscal year shall not revert to the

1 general fund of the state.

2 Sec. 8. Section 99B.11, Code 2005, is amended by adding  
3 the following new subsection:

4 NEW SUBSECTION. 3. A poker, blackjack, craps, keno, or  
5 roulette contest, league, or tournament shall not be  
6 considered a bona fide contest under this section.

7 Sec. 9. Section 99B.14, Code 2005, is amended to read as  
8 follows:

9 99B.14 ~~REVOCATION-OF~~ LICENSE DENIAL, SUSPENSION, AND  
10 REVOCATION.

11 1. The department ~~shall~~ may deny, suspend, or revoke a  
12 license issued-pursuant-to-this-chapter if the department  
13 finds that an applicant, licensee, or an agent of the licensee  
14 violates-or-permits violated or permitted a violation of a  
15 provision of this chapter, or a departmental rule adopted  
16 pursuant to chapter 17A, or ~~if-a~~ for any other cause exists  
17 for which the director of the department would be or would  
18 have been justified in refusing to issue a license, or upon  
19 the conviction of a person of a violation of this chapter or a  
20 rule adopted under this chapter which occurred on the licensed  
21 premises. However, the denial, suspension, or revocation of  
22 one type of gambling license does not require, but may result  
23 in, the denial, suspension, or revocation of a different type  
24 of gambling license held by the same licensee.

25 ~~Revocation-proceedings-shall-be-held-only-after-giving~~  
26 ~~notice-and-an-opportunity-for-hearing-to-the-licensee---Notice~~  
27 ~~shall-be-given-at-least-ten-days-in-advance-of-the-date-set~~  
28 ~~for-hearing---if-the-department-finds-cause-for-revocation,~~  
29 ~~the-license-shall-be-revoked-for-a-period-not-to-exceed-two~~  
30 ~~years-~~

31 2. The process for denial, suspension, or revocation of a  
32 license shall commence by delivering to the applicant or  
33 licensee by certified mail, return receipt requested, or by  
34 personal service a notice setting forth the particular reasons  
35 for such action.

1 a. If a written request for a hearing is not received  
2 within thirty days after the mailing or service of the notice,  
3 the denial, suspension, or revocation of a license shall  
4 become effective pending a final determination by the  
5 department. The determination involved in the notice may be  
6 affirmed, modified, or set aside by the department in a  
7 written decision.

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

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

29 4. The procedure governing hearings authorized by this  
30 section shall be in accordance with the rules promulgated by  
31 the department and chapter 17A.

32 5. If the department finds cause for denial of a license,  
33 the applicant may not reapply for the same license for a  
34 period of two years. If the department finds cause for  
35 suspension, the license shall be suspended for a period

1 determined by the department. If the department finds cause  
2 for revocation, the license shall be revoked for a period not  
3 to exceed two years.

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**EIGHTY FIRST GENERAL ASSEMBLY  
2005 REGULAR SESSION  
DAILY  
SENATE CLIP SHEET**

APRIL 12, 2005

**HOUSE FILE 646**

**S-3106**

1 Amend House File 646, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. Page 2, by inserting after line 5 the  
4 following:

5 "Sec. \_\_\_\_\_. Section 99B.7, subsection 1, paragraph  
6 d, unnumbered paragraphs 1 and 2, Code 2005, are  
7 amended to read as follows:

8 Cash prizes shall not be awarded in games other  
9 than bingo and raffles. The value of a prize shall  
10 not exceed ten thousand dollars and merchandise prizes  
11 shall not be repurchased. If a prize consists of more  
12 than one item, unit, or part, the aggregate value of  
13 all items, units, or parts shall not exceed ten  
14 thousand dollars. However, one raffle may be  
15 conducted per calendar year at which real property or  
16 one or more merchandise prizes having a combined value  
17 of more than ten thousand dollars may be awarded or a  
18 cash ~~prize~~ prizes of up to a total of two hundred  
19 thousand dollars may be awarded.

20 If a raffle licensee holds a statewide raffle  
21 license, the licensee may hold not more than eight  
22 raffles per calendar year at which real property or  
23 one or more merchandise prizes having a combined value  
24 of more than ten thousand dollars may be awarded or a  
25 cash ~~prize~~ prizes of up to a total of two hundred  
26 thousand dollars may be awarded. Each such raffle  
27 held under a statewide license shall be held in a  
28 separate county."

29 2. Page 5, by inserting after line 3 the  
30 following:

31 "Sec. \_\_\_\_\_. EFFECTIVE DATE. The section of this  
32 Act amending section 99B.7, subsection 1, paragraph  
33 "d", being deemed of immediate importance, takes  
34 effect upon enactment."

35 3. Title page, line 2, by striking the words "at  
36 fairs".

37 4. Title page, line 8, by inserting after the  
38 word "appeals" the following: ", and providing an  
39 effective date".

40 5. By renumbering as necessary.

COMMITTEE ON STATE GOVERNMENT  
WALLY E. HORN, CO-CHAIRPERSON  
LARRY MCKIBBEN, CO-CHAIRPERSON

**S-3106 FILED APRIL 11, 2005**

HOUSE FILE 646

S-3124

1 Amend House File 646, as amended, passed, and  
2 reprinted by the House, as follows:  
3 1. Page 3, line 24, by inserting after the word  
4 "licensee." the following: "In addition, a person  
5 whose license is revoked under this section who is a  
6 person for which a class "A", class "B", class "C", or  
7 class "D" liquor control license has been issued  
8 pursuant to chapter 123 shall have the person's liquor  
9 control license suspended for a period of fourteen  
10 days in the same manner as provided in section 123.50,  
11 subsection 3, paragraph "a". In addition, a person  
12 whose license is revoked under this section who is a  
13 person for which only a class "B" or class "C" beer  
14 permit has been issued pursuant to chapter 123 shall  
15 have the person's class "B" or class "C" beer permit  
16 suspended and that person's sales tax permit suspended  
17 for a period of fourteen days in the same manner as  
18 provided in section 123.50, subsection 3, paragraph  
19 "a"."

By MATT McCOY

S-3124 FILED APRIL 14, 2005  
ADOPTED

SENATE AMENDMENT TO  
HOUSE FILE 646

H-1545

1 Amend House File 646, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. Page 2, by inserting after line 5 the  
4 following:

5 "Sec. \_\_\_\_ . Section 99B.7, subsection 1, paragraph  
6 d, unnumbered paragraphs 1 and 2, Code 2005, are  
7 amended to read as follows:

8 Cash prizes shall not be awarded in games other  
9 than bingo and raffles. The value of a prize shall  
10 not exceed ten thousand dollars and merchandise prizes  
11 shall not be repurchased. If a prize consists of more  
12 than one item, unit, or part, the aggregate value of  
13 all items, units, or parts shall not exceed ten  
14 thousand dollars. However, one raffle may be  
15 conducted per calendar year at which real property or  
16 one or more merchandise prizes having a combined value  
17 of more than ten thousand dollars may be awarded or a  
18 cash ~~prize~~ prizes of up to a total of two hundred  
19 thousand dollars may be awarded.

20 If a raffle licensee holds a statewide raffle  
21 license, the licensee may hold not more than eight  
22 raffles per calendar year at which real property or  
23 one or more merchandise prizes having a combined value  
24 of more than ten thousand dollars may be awarded or a  
25 cash ~~prize~~ prizes of up to a total of two hundred  
26 thousand dollars may be awarded. Each such raffle  
27 held under a statewide license shall be held in a  
28 separate county."

29 2. Page 3, line 24, by inserting after the word  
30 "licensee." the following: "In addition, a person  
31 whose license is revoked under this section who is a  
32 person for which a class "A", class "B", class "C", or  
33 class "D" liquor control license has been issued  
34 pursuant to chapter 123 shall have the person's liquor  
35 control license suspended for a period of fourteen  
36 days in the same manner as provided in section 123.50,  
37 subsection 3, paragraph "a". In addition, a person  
38 whose license is revoked under this section who is a  
39 person for which only a class "B" or class "C" beer  
40 permit has been issued pursuant to chapter 123 shall  
41 have the person's class "B" or class "C" beer permit  
42 suspended and that person's sales tax permit suspended  
43 for a period of fourteen days in the same manner as  
44 provided in section 123.50, subsection 3, paragraph  
45 "a"."

46 3. Page 5, by inserting after line 3 the  
47 following:

48 "Sec. \_\_\_\_ . EFFECTIVE DATE. The section of this  
49 Act amending section 99B.7, subsection 1, paragraph  
50 "d", being deemed of immediate importance, takes

H-1545

**H-1545**

Page 2

1 effect upon enactment."

2 4. Title page, line 2, by striking the words "at  
3 fairs".

4 5. Title page, line 8, by inserting after the  
5 word "appeals" the following: ", and providing an  
6 effective date".

7 6. By renumbering, relettering, or redesignating  
8 and correcting internal references as necessary.

RECEIVED FROM THE SENATE

**H-1545** FILED APRIL 27, 2005

CONCURRED

Chair: Raecker  
Boal  
Lensing

HSB 162

STATE GOVERNMENT

SENATE/HOUSE FILE            <sup>DE</sup> 646  
BY (PROPOSED DEPARTMENT OF  
INSPECTIONS AND APPEALS BILL)

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

**A BILL FOR**

1 An Act concerning social and charitable gambling, including the  
2 regulation of cash raffles at fairs, prohibiting raffles at  
3 annual game nights, establishing a permanent electrical and  
4 mechanical amusement devices special fund and providing an  
5 appropriation, and providing for the denial, suspension, and  
6 revocation of certain gambling licenses by the department of  
7 inspections and appeals.

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

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1 Section 1. Section 99B.5, subsection 1, paragraphs e and  
2 g, Code 2005, are amended to read as follows:

3 e. Except with respect to an annual raffle as provided in  
4 paragraph "g", and subsection 3, cash prizes are not awarded  
5 and merchandise prizes are not repurchased.

6 g. The actual retail value of any prize does not exceed  
7 one thousand dollars. If a prize consists of more than one  
8 item, unit, or part, the aggregate retail value of all items,  
9 units, or parts shall not exceed one thousand dollars.  
10 However, either a fair sponsor or a qualified organization,  
11 but not both, may hold one raffle per calendar year at which  
12 prizes having a combined value of more than one thousand  
13 dollars may be offered. If the prize for the annual raffle is  
14 cash, the total cash amount awarded shall not exceed two  
15 hundred thousand dollars. If the prize is merchandise, its  
16 value shall be determined by the purchase price paid by the  
17 fair sponsor or qualified organization.

18 Sec. 2. Section 99B.5, subsection 3, unnumbered paragraph  
19 1, Code 2005, is amended to read as follows:

20 A licensee under this section may hold one real property  
21 raffle per calendar year in lieu of the annual raffle  
22 authorized in subsection 1, paragraph "g", at which the value  
23 of the real property may exceed one thousand dollars ~~in lieu~~  
24 ~~of the~~ or an annual raffle of cash as authorized in subsection  
25 1, paragraph "g", if the total cash amount awarded is one  
26 hundred thousand dollars or more, if all of the following  
27 applicable requirements are met:

28 Sec. 3. Section 99B.5, subsection 3, paragraph a, Code  
29 2005, is amended to read as follows:

30 a. The licensee has submitted the special real property or  
31 cash raffle license application and a fee of one hundred  
32 dollars to the department, has been issued a license, and  
33 prominently displays the license at the drawing area of the  
34 raffle.

35 Sec. 4. Section 99B.5, subsection 4, Code 2005, is amended

1 to read as follows:

2 4. For each real property or cash raffle license issued  
3 pursuant to subsection 3, the department shall conduct a  
4 special audit of the raffle to verify compliance with the  
5 appropriate requirements of this chapter.

6 Sec. 5. Section 99B.8, subsection 1, unnumbered paragraph  
7 1, Code 2005, is amended to read as follows:

8 Games of skill, games of chance, and card games ~~and-raffles~~  
9 lawfully may be conducted during a period of twelve  
10 consecutive hours once each year by any person. The games ~~or~~  
11 ~~raffles~~ may be conducted at any location except one for which  
12 a license is required pursuant to section 99B.3 or section  
13 99B.5, but only if all of the following are complied with:

14 Sec. 6. NEW SECTION. 99B.10D ELECTRICAL AND MECHANICAL  
15 AMUSEMENT DEVICES -- SPECIAL FUND.

16 Fees collected by the department pursuant to sections  
17 99B.10 and 99B.10A shall be deposited in a special fund  
18 created in the state treasury. Moneys in the fund are  
19 appropriated to the department of inspections and appeals and  
20 the department of public safety for administration and  
21 enforcement of sections 99B.10, 99B.10A, 99B.10B, and 99B.10C,  
22 including employment of necessary personnel. The distribution  
23 of moneys in the fund to the department of inspections and  
24 appeals and the department of public safety shall be pursuant  
25 to a written policy agreed upon by the departments.

26 Notwithstanding section 12C.7, subsection 2, interest or  
27 earnings on moneys deposited in the fund shall be credited to  
28 the fund. Notwithstanding section 8.33, moneys remaining in  
29 the fund at the end of a fiscal year shall not revert to the  
30 general fund of the state.

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

33 99B.14 ~~REVOCATION-OF LICENSE~~ DENIAL, SUSPENSION, AND  
34 REVOCATION.

35 1. The department ~~shall~~ may deny, suspend, or revoke a

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

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

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

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

32 b. If a request for a hearing is timely received by the  
33 department, the applicant or licensee shall be given an  
34 opportunity for a prompt and fair hearing before the  
35 department and the denial, suspension, or revocation shall be

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

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

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

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

28 EXPLANATION

29 This bill concerns social and charitable gambling as  
30 provided for in Code chapter 99B.

31 Code section 99B.5, concerning raffles at fairs, is amended  
32 to provide that the total amount awarded for an annual cash  
33 raffle is limited to a maximum of \$200,000. The bill also  
34 provides that if the cash to be awarded at a raffle is  
35 \$100,000 or more, the requirements applicable to real property

1 raffles where the value of the real property exceeds \$1,000  
2 shall also apply. As a result, a licensee seeking to conduct  
3 a cash raffle of \$100,000 or more is required to get a special  
4 cash raffle license and the department of inspections and  
5 appeals is required to conduct a special audit of the raffle.

6 Code section 99B.8 is amended to provide that raffles are  
7 not permitted at an annual game night.

8 New Code section 99B.10D provides for the establishment of  
9 a permanent electrical and mechanical amusement devices  
10 special fund. The bill provides that fees collected by the  
11 department of inspections and appeals for amusement devices  
12 shall be deposited in the fund and shall be appropriated to  
13 the department of inspections and appeals and the department  
14 of public safety for administration and enforcement of  
15 provisions governing these amusement devices. A special fund  
16 currently exists for the same purpose, but that fund only  
17 provides for the deposit of fees collected in fiscal years  
18 beginning July 1, 2003, and July 1, 2004. The bill codifies  
19 and makes the fund permanent.

20 Code section 99B.14 is amended to provide that the  
21 department of inspections and appeals has the authority to  
22 deny or suspend a license if the department finds that an  
23 applicant or licensee has violated a provision of Code chapter  
24 99B. Under current law, the department may only revoke a  
25 license for a violation of the chapter. The bill also  
26 provides for the administrative procedure the department shall  
27 follow if it intends to deny, revoke, or suspend a license.  
28 The bill includes provisions governing notice, requests for  
29 hearing, appeals, and penalties. The bill provides that the  
30 department may suspend a license pending a hearing if the  
31 director finds that the public integrity of the licensed  
32 activity is compromised or there is a risk to public health,  
33 safety, or welfare. The bill provides that hearings conducted  
34 by the department shall comply with the Iowa administrative  
35 procedure Act. The bill also provides that if an applicant

1 for a license is denied, the applicant may not reapply for two  
2 years. In addition, if a license is suspended, the bill  
3 provides that the department shall determine the length of the  
4 suspension. Current law providing that a revocation remains  
5 in effect for no more than two years is unchanged by the bill.

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# Memo

**To:** Members of the 81<sup>st</sup> General Assembly  
**From:** Steve Young  
**Date:** November 29, 2004  
**Re:** Proposed Social and Charitable Gambling Legislation

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The Department of Inspections and Appeals proposes legislation to make various technical changes to Iowa Code chapter 99B, to provide ongoing resources for administration and enforcement of amusement devices, and to ensure the integrity of social and charitable gambling in Iowa.

Technical changes include making annual cash raffles at fairs consistent with qualified organization limitations and requirements, clarifying that raffles aren't allowed at annual game nights, and clarifying that the value of a prize not to exceed \$10,000 relates just to raffles rather than also to bingo.

- Allow DIA and DPS to continue to use amusement device fees for administration and enforcement on a permanent basis
- Allow DIA the ability to suspend a license pending resolution of a contested case if the public integrity of the gambling is compromised

Intent language in 2003 and 2004 Amusement Device legislation has allowed DIA and DPS to use fees from amusement device, distributor, owner and manufacturer registration for administrative and enforcement costs. This authority ends on June 30, 2005. To ensure sufficient resources are available in the future to protect the integrity of amusement devices operating in Iowa, this legislation would make this arrangement permanent.

If a situation exists where continued operation of a social and charitable gambling activity pending resolution of a contested case is not in the public interest, DIA currently does not have the ability to suspend the operation. This proposal would allow DIA to suspend a license pending resolution of the case. This proposal is necessary to ensure the integrity of social and charitable gambling in the state.

If you have any questions regarding this legislation, please contact Beverly Zylstra, Legislative Liaison, at 515-281-6442 or via e-mail at [beverly.zylstra@dia.state.ia.us](mailto:beverly.zylstra@dia.state.ia.us).

HOUSE FILE 646

AN ACT

CONCERNING SOCIAL AND CHARITABLE GAMBLING, INCLUDING THE REGULATION OF CASH RAFFLES, PROHIBITING RAFFLES AT ANNUAL GAME NIGHTS, ESTABLISHING A PERMANENT ELECTRICAL AND MECHANICAL AMUSEMENT DEVICES SPECIAL FUND AND PROVIDING AN APPROPRIATION, PROHIBITING CERTAIN ELECTRICAL OR MECHANICAL AMUSEMENT DEVICES AND BONA FIDE CONTESTS, AND PROVIDING FOR THE DENIAL, SUSPENSION, AND REVOCATION OF CERTAIN GAMBLING LICENSES BY THE DEPARTMENT OF INSPECTIONS AND APPEALS, AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. Section 99B.5, subsection 1, paragraphs e and g, Code 2005, are amended to read as follows:

e. Except with respect to an annual raffle as provided in paragraph "g", and subsection 3, cash prizes are not awarded and merchandise prizes are not repurchased.

g. The actual retail value of any prize does not exceed one thousand dollars. If a prize consists of more than one item, unit, or part, the aggregate retail value of all items, units, or parts shall not exceed one thousand dollars.

However, either a fair sponsor or a qualified organization, but not both, may hold one raffle per calendar year at which prizes having a combined value of more than one thousand dollars may be offered. If the prize for the annual raffle is cash, the total cash amount awarded shall not exceed two hundred thousand dollars. If the prize is merchandise, its value shall be determined by the purchase price paid by the fair sponsor or qualified organization.

Sec. 2. Section 99B.5, subsection 3, unnumbered paragraph 1, Code 2005, is amended to read as follows:

A licensee under this section may hold one real property raffle per calendar year in lieu of the annual raffle authorized in subsection 1, paragraph "g", at which the value of the real property may exceed one thousand dollars ~~in lieu of the~~ or an annual raffle of cash as authorized in subsection 1, paragraph "g", if the total cash amount awarded is one hundred thousand dollars or more, if all of the following applicable requirements are met:

Sec. 3. Section 99B.5, subsection 3, paragraph a, Code 2005, is amended to read as follows:

a. The licensee has submitted the special real property or cash raffle license application and a fee of one hundred dollars to the department, has been issued a license, and prominently displays the license at the drawing area of the raffle.

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

4. For each real property or cash raffle license issued pursuant to subsection 3, the department shall conduct a special audit of the raffle to verify compliance with the appropriate requirements of this chapter.

Sec. 5. Section 99B.7, subsection 1, paragraph d, unnumbered paragraphs 1 and 2, Code 2005, are amended to read as follows:

Cash prizes shall not be awarded in games other than bingo and raffles. The value of a prize shall not exceed ten thousand dollars and merchandise prizes shall not be repurchased. If a prize consists of more than one item, unit, or part, the aggregate value of all items, units, or parts shall not exceed ten thousand dollars. However, one raffle may be conducted per calendar year at which real property or one or more merchandise prizes having a combined value of more than ten thousand dollars may be awarded or a cash prize prizes of up to a total of two hundred thousand dollars may be awarded.

If a raffle licensee holds a statewide raffle license, the licensee may hold not more than eight raffles per calendar year at which real property or one or more merchandise prizes having a combined value of more than ten thousand dollars may be awarded or a cash prize prizes of up to a total of two hundred thousand dollars may be awarded. Each such raffle held under a statewide license shall be held in a separate county.

Sec. 6. Section 99B.8, subsection 1, unnumbered paragraph 1, Code 2005, is amended to read as follows:

Games of skill, games of chance, and card games and raffles lawfully may be conducted during a period of twelve consecutive hours once each year by any person. The games or raffles may be conducted at any location except one for which a license is required pursuant to section 99B.3 or section 99B.5, but only if all of the following are complied with:

Sec. 7. Section 99B.10, Code 2005, is amended by adding the following new subsection:

NEW SUBSECTION. 9. An electrical or mechanical amusement device required to be registered as provided in this section shall not be a gambling device, as defined in section 725.9, or a device that plays poker, blackjack, or keno.

Sec. 8. NEW SECTION. 99B.10D ELECTRICAL AND MECHANICAL AMUSEMENT DEVICES -- SPECIAL FUND.

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

Sec. 9. Section 99B.11, Code 2005, is amended by adding the following new subsection:

NEW SUBSECTION. 3. A poker, blackjack, craps, keno, or roulette contest, league, or tournament shall not be considered a bona fide contest under this section.

Sec. 10. Section 99B.14, Code 2005, is amended to read as follows:

99B.14 REVOCATION-OF LICENSE DENIAL, SUSPENSION, AND REVOCATION.

1. The department shall ~~may deny, suspend, or revoke a license issued pursuant to this chapter~~ if the department finds that an applicant, licensee, or an agent of the licensee ~~violates or permits~~ violated or permitted a violation of a provision of this chapter, or a departmental rule adopted pursuant to chapter 17A, or ~~if a~~ for any other cause exists for which the director of the department would be or would have been justified in refusing to issue a license, or upon

the conviction of a person of a violation of this chapter or a rule adopted under this chapter which occurred on the licensed premises. However, the denial, suspension, or revocation of one type of gambling license does not require, but may result in, the denial, suspension, or revocation of a different type of gambling license held by the same licensee. In addition, a person whose license is revoked under this section who is a person for which a class "A", class "B", class "C", or class "D" liquor control license 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 person whose license is revoked under this section 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".

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

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

a. 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 license shall become effective pending a final determination by the

department. The determination involved in the notice may be affirmed, modified, or set aside by the department in a written decision.

b. If a request for a hearing is timely received by the department, the applicant or licensee 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 may suspend a license prior to a hearing if the director finds that the public integrity of the licensed 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 determination involved in the notice may be affirmed, modified, or set aside by the department in a written decision.

3. 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 licensee. The applicant or licensee may seek judicial review in accordance with the terms of the Iowa administrative procedure Act, chapter 17A.

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

5. If the department finds cause for denial of a license, the applicant may not reapply for the same license for a period of two years. If the department finds cause for suspension, the license shall be suspended for a period determined by the department. If the department finds cause for revocation, the license shall be revoked for a period not to exceed two years.

Sec. 11. EFFECTIVE DATE. The section of this Act amending section 99B.7, subsection 1, paragraph "d", being deemed of immediate importance, takes effect upon enactment.

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CHRISTOPHER C. RANTS  
Speaker of the House

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JOHN P. KIBBIE  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 646, Eighty-first General Assembly.

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MARGARET THOMSON  
Chief Clerk of the House

Approved 5/4, 2005

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THOMAS J. VILSACK  
Governor