

FILED MAR 06 2006

SENATE FILE 2330
BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO SF 2142)

Passed Senate, Date 3-13-06 Passed House, Date 3-14-06
Vote: Ayes 40 Nays 10 Vote: Ayes 80 Nays 18
Approved March 30, 2006

A BILL FOR

1 An Act prohibiting monitor vending machines and providing an
2 effective date.

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

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SF 2330

1 Section 1. Section 99G.3, subsection 7, Code 2005, is
2 amended to read as follows:

3 7. "Lottery", "lotteries", "lottery game", "lottery games"
4 or "lottery products" means any game of chance approved by the
5 board and operated pursuant to this chapter and games using
6 mechanical or electronic devices, provided that the authority
7 shall not authorize a monitor vending machine or a player-
8 activated gaming machine that utilizes an internal randomizer
9 to determine winning and nonwinning plays and that upon random
10 internal selection of a winning play dispenses coins,
11 currency, or a ticket, credit, or token to the player that is
12 redeemable for cash or a prize, and excluding gambling or
13 gaming conducted pursuant to chapter 99B, 99D, or 99F.

14 Sec. 2. Section 99G.3, Code 2005, is amended by adding the
15 following new subsection:

16 NEW SUBSECTION. 8A. "Monitor vending machine" means a
17 machine or other similar electronic device that includes a
18 video monitor and audio capabilities that dispenses to a
19 purchaser lottery tickets that have been determined to be
20 winning or losing tickets by a predetermined pool drawing
21 machine prior to the dispensing of the tickets.

22 Sec. 3. TRANSITION PROVISIONS -- MONITOR VENDING MACHINES.
23 Notwithstanding any provision of section 99G.3, as amended by
24 this Act, to the contrary, a retailer that has acquired a
25 monitor vending machine prior to the effective date of this
26 Act shall be allowed to offer the machine to the public for
27 only thirty days following the effective date of this Act. On
28 or after thirty days following the effective date of this Act,
29 a retailer shall not make a monitor vending machine available
30 to the public.

31 Sec. 4. EFFECTIVE DATE. This Act, being deemed of
32 immediate importance, takes effect upon enactment.

33 EXPLANATION

34 This bill prohibits the Iowa lottery authority from
35 allowing retailers to offer a monitor vending machine that

1 dispenses lottery tickets to the public. The bill defines a
2 "monitor vending machine" as a machine with a video monitor
3 and audio capabilities that dispenses to a purchaser lottery
4 tickets that have been determined to be winning or losing
5 tickets by a predetermined pool drawing machine prior to the
6 dispensing of the tickets. The bill also amends the
7 definition of lottery game to exclude the authorization to use
8 a monitor vending machine to dispense lottery tickets.

9 The bill further provides that any monitor vending machine
10 in use by a retailer prior to the effective date of the bill
11 may continue to be offered to the public for 30 days following
12 the effective date of the bill. On or after that date,
13 monitor vending machines are no longer permitted.

14 The bill takes effect upon enactment.

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SENATE FILE 2330

S-5045

1 Amend Senate File 2330 as follows:

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

4 "Section 1. Section 99G.9, Code 2005, is amended
5 by adding the following new subsection:

6 NEW SUBSECTION. 4A. To establish a process to
7 allow a person to be voluntarily excluded for life
8 from purchasing a lottery ticket or share for lottery
9 games authorized by this chapter. The process
10 established shall require that the authority
11 disseminate information regarding persons voluntarily
12 excluded to all retailers under this chapter and, if
13 applicable, to licensees under chapters 99D and 99F.
14 The state, the authority, retailers under this
15 chapter, and, if applicable, any licensee under
16 chapter 99D or 99F shall not be liable to any person
17 for any claim which may arise from this process. In
18 addition to any other penalty provided by law, any
19 money or thing of value that has been obtained by, or
20 is owed to, a voluntarily excluded person by the
21 authority as a result of playing any lottery game by
22 the person after the person has been voluntarily
23 excluded shall not be paid to the person but shall be
24 deposited into the gambling treatment fund created in
25 section 135.150. The authority shall coordinate with
26 the racing and gaming commission to establish a
27 unified process for allowing persons to be excluded
28 for life under this chapter and chapters 99D and 99F,
29 and to establish a statewide database of persons
30 excluded under this process and those excluded under
31 the process for racetrack enclosures and all other
32 licensed facilities under chapters 99D and 99F.

33 Sec. 2. Section 99G.30, subsection 4, Code 2005,
34 is amended to read as follows:

35 4. Except for the authority, a retailer shall only
36 sell lottery products on the licensed premises and not
37 through the mail or by technological means except as
38 the authority may provide or authorize and subject to
39 the requirements of section 99G.30B.

40 Sec. 3. NEW SECTION. 99G.30A AGE RESTRICTIONS --
41 PENALTIES.

42 1. A person under the age of twenty-one years
43 shall not purchase or attempt to purchase a lottery
44 ticket or share and shall not enter the age-restricted
45 area in which a monitor vending machine is located. A
46 person who violates this subsection commits a
47 scheduled violation under section 805.8C, subsection
48 5.

49 2. If any retailer, or employee of a retailer, is
50 convicted or found in violation of section 99G.30,

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1 subsection 3, the authority shall, in addition to
2 criminal penalties fixed for violation of that
3 subsection, assess a civil penalty as follows:

4 a. A first violation shall subject the retailer to
5 a civil penalty in the amount of five hundred dollars.

6 b. A second violation within two years shall
7 subject the retailer to a thirty-day suspension of the
8 retailer's license and a civil penalty in the amount
9 of one thousand five hundred dollars.

10 c. A third violation within three years shall
11 subject the retailer to a sixty-day suspension of the
12 retailer's license and a civil penalty in the amount
13 of one thousand five hundred dollars.

14 d. A fourth violation within three years shall
15 result in revocation of the retailer's license.

16 e. For purposes of this subsection:

17 (1) The date of any violation shall be used in
18 determining the period between violations.

19 (2) Suspension shall be limited to the specific
20 license for the premises found in violation.

21 Sec. 4. NEW SECTION. 99G.30B MONITOR VENDING
22 MACHINES -- RESTRICTIONS.

23 1. It shall be lawful for a retailer to sell
24 lottery products or tickets by means of a monitor
25 vending machine pursuant to the requirements of the
26 authority, but only if all of the following conditions
27 are met:

28 a. A monitor vending machine shall only be
29 permitted or offered for use by a retailer in any
30 single location or premises for which a class "A",
31 class "B", class "C", special class "C", or class "D"
32 liquor control license or class "B" or class "C" beer
33 permit has been issued pursuant to chapter 123.

34 b. A monitor vending machine shall not be located
35 on the premises of a retailer within twenty feet of an
36 automated teller machine.

37 c. Monitor vending machines shall be located in an
38 age-restricted area in which a permanent physical
39 barrier, as approved by the authority, restricts
40 access to the monitor vending machines.

41 d. A monitor vending machine offered to the public
42 shall be designed so as to be inaudible and with a
43 video monitor screen that only displays the age
44 requirement for play until the machine is activated by
45 a player. Each machine shall be designed to require
46 each player to affirmatively respond to questions on
47 the machine as determined by the authority prior to
48 being allowed to insert money and play the machine.
49 The questions shall require responses related to the
50 minimum age required to play the machine, the

1 consequences if a person excluded from purchasing
2 lottery products plays the machine, and the
3 availability of gambling treatment programs.

4 e. A retailer shall not award a prize to a person
5 for playing a monitor vending machine until the
6 retailer verifies that the person is eligible to claim
7 a prize. The authority shall establish the
8 requirements for determining eligibility for claiming
9 a prize, which requirements shall include the manner
10 of verifying the age of the person and determining
11 whether the person is excluded from claiming a prize
12 under this chapter.

13 f. A retailer that offers a monitor vending
14 machine to the public and is authorized to sell
15 alcohol, wine, or beer for on-premises consumption
16 shall require employees of the retailer to attend
17 training designed to assist employees at bars and
18 restaurants in preventing alcohol sales to minors or
19 intoxicated patrons.

20 g. A retailer with a monitor vending machine shall
21 make brochures concerning available gambling treatment
22 information readily available to players of the
23 machine.

24 2. For purposes of this section, "monitor vending
25 machine" means a machine or other similar electronic
26 device that includes a video monitor and audio
27 capabilities that dispenses to a purchaser lottery
28 tickets that have been determined to be winning or
29 losing tickets by a predetermined pool drawing machine
30 prior to the dispensing of the tickets.

31 Sec. 5. Section 99G.33, Code 2005, is amended to
32 read as follows:

33 99G.33 LAW ENFORCEMENT INVESTIGATIONS.

34 The department of public safety, division of
35 criminal investigation, shall be the primary state
36 agency responsible for investigating criminal
37 violations under this chapter. The chief executive
38 officer shall contract with the department of public
39 safety for investigative services, including the
40 employment of special agents and support personnel,
41 and procurement of necessary equipment to carry out
42 the responsibilities of the division of criminal
43 investigation under the terms of the contract and this
44 chapter. The contract shall provide, at a minimum,
45 for random checks of retailers at all hours for
46 compliance with the provisions of this chapter,
47 especially as it relates to the purchase of lottery
48 products or access to monitor vending machines by a
49 person who has not reached the age of twenty-one.

50 Sec. 6. Section 99G.39, subsection 1, paragraph a,

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1 Code 2005, is amended to read as follows:

2 a. An amount equal to one-half of one percent of
3 the gross lottery revenue for the year shall be
4 deposited in the gambling treatment fund created in
5 section 135.150. However, an amount equal to one
6 percent of the gross lottery revenue for the year
7 derived from monitor vending machines shall be
8 deposited in the gambling treatment fund created in
9 section 135.150.

10 Sec. 7. Section 805.8C, subsection 5, Code
11 Supplement 2005, is amended to read as follows:

12 5. GAMBLING VIOLATIONS. For violations of legal
13 age for gambling wagering under section 99D.11,
14 subsection 7, section 99F.9, subsection 5, section
15 99G.30A, subsection 1, and section 725.19, subsection
16 1, the scheduled fine is five hundred dollars.
17 Failure to pay the fine by a person under the age of
18 eighteen shall not result in the person being detained
19 in a secure facility."

20 2. Title page, by striking lines 1 and 2 and
21 inserting the following: "An Act concerning the Iowa
22 lottery, including provisions regarding monitor
23 vending machines, and providing penalties."

By WALLY E. HORN
MARK ZIEMAN
RON WIECK

STEVE KETTERING
MATT McCOY

S-5045 FILED MARCH 13, 2006
ADOPTED

SENATE FILE 2330

S-5046

1 Amend Senate File 2330 as follows:

2 1. Page 1, by striking lines 22 through 32.
3 2. Title page, lines 1 and 2, by striking the
4 words "and providing an effective date".

By LARRY MCKIBBEN

S-5046 FILED MARCH 13, 2006
RULED OUT OF ORDER

SENATE FILE 2330

S-5055

1 Amend the amendment, S-5045, to Senate File 2330 as
2 follows:

3 1. By striking page 1, line 2, through page 4,
4 line 23, and inserting the following:

5 "_____. By striking everything after the enacting
6 clause and inserting the following:

7 "Section 1. Section 99G.3, subsection 7, Code
8 2005, is amended to read as follows:

9 7. "Lottery", "lotteries", "lottery game",
10 "lottery games" or "lottery products" means any game
11 of chance approved by the board and operated pursuant
12 to this chapter and games using mechanical or
13 electronic devices, provided that the authority shall
14 not authorize a monitor vending machine or a player-
15 activated gaming machine that utilizes an internal
16 randomizer to determine winning and nonwinning plays
17 and that upon random internal selection of a winning
18 play dispenses coins, currency, or a ticket, credit,
19 or token to the player that is redeemable for cash or
20 a prize, and excluding gambling or gaming conducted
21 pursuant to chapter 99B, 99D, or 99F.

22 Sec. 2. Section 99G.3, Code 2005, is amended by
23 adding the following new subsection:

24 NEW SUBSECTION. 8A. "Monitor vending machine"
25 means a machine or other similar electronic device
26 that includes a video monitor and audio capabilities
27 that dispenses to a purchaser lottery tickets that
28 have been determined to be winning or losing tickets
29 by a predetermined pool drawing machine prior to the
30 dispensing of the tickets.

31 Sec. 3. TRANSITION PROVISIONS -- MONITOR VENDING
32 MACHINES.

33 1. Notwithstanding any provision of section 99G.3,
34 as amended by this Act, to the contrary, a retailer
35 that has acquired a monitor vending machine prior to
36 the effective date of this Act shall be allowed to
37 offer the machine to the public for only thirty days
38 following the effective date of this Act. On or after
39 thirty days following the effective date of this Act,
40 a retailer shall not make a monitor vending machine
41 available to the public except as provided in
42 subsection 2.

43 2. However, a retailer that has acquired a monitor
44 vending machine prior to the effective date of this
45 Act may continue to offer the machine to the public
46 until September 1, 2006, if prior to thirty days
47 following the effective date of this Act a waiver has
48 been filed by the retailer with the Iowa lottery. The
49 waiver shall be signed by the retailer, and the
50 manufacturer and distributor of the machine to be

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1 offered to the public pursuant to this subsection by
2 the retailer, and provide that all parties agree to
3 waive any and all claims any party may have against
4 the Iowa lottery and the state arising out of the
5 operation of this Act.

6 Sec. 4. EFFECTIVE DATE. This Act, being deemed of
7 immediate importance, takes effect upon enactment.""

8 2. By renumbering as necessary.

By MICHAEL E. GRONSTAL

S-5055 FILED MARCH 13, 2006

LOST

SENATE FILE 2330

S-5056

1 Amend the amendment, S-5045, to Senate File 2330 as
2 follows:

3 1. By striking page 1, line 2, through page 4,
4 line 23, and inserting the following:

5 "_____. By striking everything after the enacting
6 clause and inserting the following:

7 "Section 1. Section 99G.3, subsection 7, Code
8 2005, is amended to read as follows:

9 7. "Lottery", "lotteries", "lottery game",
10 "lottery games" or "lottery products" means any game
11 of chance approved by the board and operated pursuant
12 to this chapter and games using mechanical or
13 electronic devices, provided that the authority shall
14 not authorize a monitor vending machine or a player-
15 activated gaming machine that utilizes an internal
16 randomizer to determine winning and nonwinning plays
17 and that upon random internal selection of a winning
18 play dispenses coins, currency, or a ticket, credit,
19 or token to the player that is redeemable for cash or
20 a prize, and excluding gambling or gaming conducted
21 pursuant to chapter 99B, 99D, or 99F.

22 Sec. 2. Section 99G.3, Code 2005, is amended by
23 adding the following new subsection:

24 NEW SUBSECTION. 8A. "Monitor vending machine"
25 means a machine or other similar electronic device
26 that includes a video monitor and audio capabilities
27 that dispenses to a purchaser lottery tickets that
28 have been determined to be winning or losing tickets
29 by a predetermined pool drawing machine prior to the
30 dispensing of the tickets.

31 Sec. 3. NEW SECTION. 99G.30A MONITOR VENDING
32 MACHINE -- TAX IMPOSED.

33 1. If revenues are generated from monitor vending
34 machines on or after forty-five days following the
35 effective date of this Act, then there shall be a
36 monitor vending machine excise tax imposed on net
37 monitor vending machine revenue receipts at the rate
38 of sixty-five percent.

39 2. a. The director of revenue shall administer
40 the monitor vending machine excise tax as nearly as
41 possible in conjunction with the administration of
42 state sales tax laws. The director shall provide
43 appropriate forms or provide appropriate entries on
44 the regular state tax forms for reporting local sales
45 and services tax liability.

46 b. All powers and requirements of the director to
47 administer the state sales and use tax law are
48 applicable to the administration of the monitor
49 vending machine excise tax, including but not limited
50 to the provisions of section 422.25, subsection 4,

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SENATE FILE 2330

S-5051

1 Amend the amendment, S-5045, to Senate File 2330 as
2 follows:
3 1. Page 3, by inserting after line 23 the
4 following:
5 "h. A monitor vending machine shall not be located
6 in any county in which the result of the most recent
7 referendum conducted in that county pursuant to
8 section 99F.7 was a defeat of a proposal to conduct
9 gambling games on excursion gambling boats or the
10 defeat of a proposal to conduct gambling games at a
11 licensed pari-mutuel racetrack enclosure."
12 2. By renumbering as necessary.

By MARY A. LUNDBY

S-5051 FILED MARCH 13, 2006
RULED OUT OF ORDER

SENATE FILE 2330

S-5053

1 Amend the amendment, S-5045, to Senate File 2330 as
2 follows:
3 1. Page 1, by striking lines 4 through 32.
4 2. Page 1, line 39, by striking the figure
5 "99G.30B", and inserting the following: "99G.30A".
6 3. By striking page 1, line 40, through page 2,
7 line 20.
8 4. Page 2, line 21, by striking the figure
9 "99G.30B", and inserting the following: "99G.30A".
10 5. Page 2, by striking lines 25 through 29 and
11 inserting the following: "vending machine in any".
12 6. Page 2, by striking lines 31 and 32 and
13 inserting the following: "class "B", or class "C"
14 liquor control license or class "B" beer".
15 7. By striking page 2, line 34, through page 3,
16 line 23.
17 8. By striking page 3, line 31, through page 4,
18 line 19.
19 9. Page 4, line 23, by striking the words ", and
20 providing penalties".
21 10. By renumbering as necessary.

By MATT McCOY

WILLIAM A. DOTZLER
WALLY E. HORN

THOMAS G. COURTNEY
JEFF DANIELSON

S-5053 FILED MARCH 13, 2006
RULED OUT OF ORDER

SENATE FILE 2330

S-5059

1 Amend Senate File 2330 as follows:

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

4 "Section 1. Chapters 99D, 99F, and 99G, Code and
5 Code Supplement 2005, are repealed.

6 Sec. 2. TRANSITION PROVISIONS. Notwithstanding
7 any provision of this Act to the contrary, a license
8 issued prior to the effective date of this Act shall
9 remain valid until the expiration date of the license
10 and shall be subject to the law in effect immediately
11 prior to the effective date of this Act until the
12 expiration of the license."

13 2. Title page, by striking lines 1 and 2 and
14 inserting the following: "An Act repealing gaming in
15 Iowa."

16 3. By renumbering as necessary.

By MARK ZIEMAN

S-5059 FILED MARCH 13, 2006

RULED OUT OF ORDER

1 sections 422.30, 422.67, and 422.68, section 422.69,
2 subsection 1, sections 422.70 to 422.75, section
3 423.14, subsection 1 and subsection 2, paragraphs "b"
4 through "e", and sections 423.15, 423.23, 423.24,
5 423.25, 423.31 to 423.35, 423.37 to 423.42, 423.46,
6 and 423.47.

7 c. Frequency of deposits and quarterly reports of
8 the monitor vending machine excise tax with the
9 department of revenue are governed by the tax
10 provisions in section 423.31. Monitor vending machine
11 excise tax collections shall not be included in
12 computation of the total tax to determine frequency of
13 filing under section 423.31.

14 3. For purposes of this section, "net monitor
15 vending machine revenue receipts" means the gross
16 receipts received from monitor vending machines less
17 prizes awarded.

18 Sec. 4. TRANSITION PROVISIONS -- MONITOR VENDING
19 MACHINES. Notwithstanding any provision of section
20 99G.3, as amended by this Act, to the contrary, a
21 retailer that has acquired a monitor vending machine
22 prior to the effective date of this Act shall be
23 allowed to offer the machine to the public for only
24 forty-five days following the effective date of this
25 Act. On or after thirty days following the effective
26 date of this Act, a retailer shall not make a monitor
27 vending machine available to the public.

28 Sec. 5. EFFECTIVE DATE. This Act, being deemed of
29 immediate importance, takes effect upon enactment."

30 _____. Title page, line 1, by inserting after the
31 word "providing" the following: "an excise tax and"."

32 2. By renumbering as necessary.

By MARY A. LUNDBY

S-5056 FILED MARCH 13, 2006

WITHDRAWN

SENATE FILE 2330

S-5058

1 Amend Senate File 2330 as follows:

2 1. Page 1, by inserting after line 30 the
3 following:

4 "Sec. _____. TRANSITION PROVISIONS -- AMUSEMENT
5 DEVICES. Notwithstanding any provision of section
6 99B.10 to the contrary, a person who had registered an
7 electrical and mechanical amusement device with the
8 department of inspections and appeals as of April 28,
9 2004, and who no longer offers such device to the
10 public as of the effective date of this Act, may
11 register such device and offer the device to the
12 public."

13 2. By renumbering as necessary.

By WILLIAM A. DOTZLER

S-5058 FILED MARCH 13, 2006

RULED OUT OF ORDER

SENATE FILE 2330

S-5061

1 Amend the amendment, S-5045, to Senate File 2330 as
2 follows:

3 1. By striking page 1, line 2, through page 4,
4 line 23, and inserting the following:

5 "____. By striking everything after the enacting
6 clause and inserting the following:

7 "Section 1. Section 99G.3, subsection 7, Code
8 2005, is amended to read as follows:

9 7. "Lottery", "lotteries", "lottery game",
10 "lottery games" or "lottery products" means any game
11 of chance approved by the board and operated pursuant
12 to this chapter and games using mechanical or
13 electronic devices, provided that the authority shall
14 not authorize a monitor vending machine or a player-
15 activated gaming machine that utilizes an internal
16 randomizer to determine winning and nonwinning plays
17 and that upon random internal selection of a winning
18 play dispenses coins, currency, or a ticket, credit,
19 or token to the player that is redeemable for cash or
20 a prize, and excluding gambling or gaming conducted
21 pursuant to chapter 99B, 99D, or 99F.

22 Sec. 2. Section 99G.3, Code 2005, is amended by
23 adding the following new subsection:

24 NEW SUBSECTION. 8A. "Monitor vending machine"
25 means a machine or other similar electronic device
26 that includes a video monitor and audio capabilities
27 that dispenses to a purchaser lottery tickets that
28 have been determined to be winning or losing tickets
29 by a predetermined pool drawing machine prior to the
30 dispensing of the tickets.

31 Sec. 3. NEW SECTION. 99G.30A MONITOR VENDING
32 MACHINE -- TAX IMPOSED.

33 1. If revenues are generated from monitor vending
34 machines on or after September 1, 2006, then there
35 shall be a monitor vending machine excise tax imposed
36 on net monitor vending machine revenue receipts at the
37 rate of sixty-five percent.

38 2. a. The director of revenue shall administer
39 the monitor vending machine excise tax as nearly as
40 possible in conjunction with the administration of
41 state sales tax laws. The director shall provide
42 appropriate forms or provide appropriate entries on
43 the regular state tax forms for reporting local sales
44 and services tax liability.

45 b. All powers and requirements of the director to
46 administer the state sales and use tax law are
47 applicable to the administration of the monitor
48 vending machine excise tax, including but not limited
49 to the provisions of section 422.25, subsection 4,
50 sections 422.30, 422.67, and 422.68, section 422.69,

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1 subsection 1, sections 422.70 to 422.75, section
2 423.14, subsection 1 and subsection 2, paragraphs "b"
3 through "e", and sections 423.15, 423.23, 423.24,
4 423.25, 423.31 to 423.35, 423.37 to 423.42, 423.46,
5 and 423.47.

6 c. Frequency of deposits and quarterly reports of
7 the monitor vending machine excise tax with the
8 department of revenue are governed by the tax
9 provisions in section 423.31. Monitor vending machine
10 excise tax collections shall not be included in
11 computation of the total tax to determine frequency of
12 filing under section 423.31.

13 3. For purposes of this section, "net monitor
14 vending machine revenue receipts" means the gross
15 receipts received from monitor vending machines less
16 prizes awarded.

17 Sec. 4. TRANSITION PROVISIONS -- MONITOR VENDING
18 MACHINES.

19 1. Notwithstanding any provision of section 99G.3,
20 as amended by this Act, to the contrary, a retailer
21 that has acquired a monitor vending machine prior to
22 the effective date of this Act shall be allowed to
23 offer the machine to the public for only thirty days
24 following the effective date of this Act. On or after
25 thirty days following the effective date of this Act,
26 a retailer shall not make a monitor vending machine
27 available to the public except as provided in
28 subsection 2.

29 2. However, a retailer that has acquired a monitor
30 vending machine prior to the effective date of this
31 Act may continue to offer the machine to the public
32 until September 1, 2006, if prior to thirty days
33 following the effective date of this Act a waiver has
34 been filed by the retailer with the Iowa lottery. The
35 waiver shall be signed by the retailer, and the
36 manufacturer and distributor of the machine to be
37 offered to the public pursuant to this subsection by
38 the retailer, and provide that all parties agree to
39 waive any and all claims any party may have against
40 the Iowa lottery and the state arising out of the
41 operation of this Act. In addition, during the period
42 of time described in this subsection, an amount equal
43 to five percent of the gross revenues derived from
44 monitor vending machines and received by the state
45 shall not be deposited in the general fund of the
46 state but shall be distributed, pursuant to a formula
47 determined by the Iowa lottery, to owners of monitor
48 vending machines authorized to be offered to the
49 public pursuant to this subsection.

50 Sec. 5. EFFECTIVE DATE. This Act, being deemed of

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Page 3

1 immediate importance, takes effect upon enactment."

2 _____. Title page, line 1, by inserting after the

3 word "providing" the following: "for an excise tax

4 and including".

5 2. By renumbering as necessary.

By WILLIAM A. DOTZLER

S-5061 FILED MARCH 13, 2006

WITHDRAWN

SENATE FILE 2330

S-5062

1 Amend the amendment, S-5045, to Senate File 2330 as
2 follows:

3 1. By striking page 1, line 2, through page 4,
4 line 23, and inserting the following:

5 "_____. By striking everything after the enacting
6 clause and inserting the following:

7 "Section 1. Section 99G.3, subsection 7, Code
8 2005, is amended to read as follows:

9 7. "Lottery", "lotteries", "lottery game",
10 "lottery games" or "lottery products" means any game
11 of chance approved by the board and operated pursuant
12 to this chapter and games using mechanical or
13 electronic devices, provided that the authority shall
14 not authorize a monitor vending machine or a player-
15 activated gaming machine that utilizes an internal
16 randomizer to determine winning and nonwinning plays
17 and that upon random internal selection of a winning
18 play dispenses coins, currency, or a ticket, credit,
19 or token to the player that is redeemable for cash or
20 a prize, and excluding gambling or gaming conducted
21 pursuant to chapter 99B, 99D, or 99F.

22 Sec. 2. Section 99G.3, Code 2005, is amended by
23 adding the following new subsection:

24 NEW SUBSECTION. 8A. "Monitor vending machine"
25 means a machine or other similar electronic device
26 that includes a video monitor and audio capabilities
27 that dispenses to a purchaser lottery tickets that
28 have been determined to be winning or losing tickets
29 by a predetermined pool drawing machine prior to the
30 dispensing of the tickets.

31 Sec. 3. NEW SECTION. 99G.30A MONITOR VENDING
32 MACHINE -- TAX IMPOSED.

33 1. If revenues are generated from monitor vending
34 machines on or after forty-five days following the
35 effective date of this Act, then there shall be a
36 monitor vending machine excise tax imposed on net
37 monitor vending machine revenue receipts at the rate
38 of sixty-five percent.

39 2. a. The director of revenue shall administer
40 the monitor vending machine excise tax as nearly as
41 possible in conjunction with the administration of
42 state sales tax laws. The director shall provide
43 appropriate forms or provide appropriate entries on
44 the regular state tax forms for reporting local sales
45 and services tax liability.

46 b. All powers and requirements of the director to
47 administer the state sales and use tax law are
48 applicable to the administration of the monitor
49 vending machine excise tax, including but not limited
50 to the provisions of section 422.25, subsection 4,

S-5062

1 sections 422.30, 422.67, and 422.68, section 422.69,
2 subsection 1, sections 422.70 to 422.75, section
3 423.14, subsection 1 and subsection 2, paragraphs "b"
4 through "e", and sections 423.15, 423.23, 423.24,
5 423.25, 423.31 to 423.35, 423.37 to 423.42, 423.46,
6 and 423.47.

7 c. Frequency of deposits and quarterly reports of
8 the monitor vending machine excise tax with the
9 department of revenue are governed by the tax
10 provisions in section 423.31. Monitor vending machine
11 excise tax collections shall not be included in
12 computation of the total tax to determine frequency of
13 filing under section 423.31.

14 3. For purposes of this section, "net monitor
15 vending machine revenue receipts" means the gross
16 receipts received from monitor vending machines less
17 prizes awarded.

18 Sec. 4. TRANSITION PROVISIONS -- MONITOR VENDING
19 MACHINES. Notwithstanding any provision of section
20 99G.3, as amended by this Act, to the contrary, a
21 retailer that has acquired a monitor vending machine
22 prior to the effective date of this Act shall be
23 allowed to offer the machine to the public for only
24 forty-five days following the effective date of this
25 Act. On or after forty-five days following the
26 effective date of this Act, a retailer shall not make
27 a monitor vending machine available to the public.

28 Sec. 5. EFFECTIVE DATE. This Act, being deemed of
29 immediate importance, takes effect upon enactment."

30 _____. Title page, line 1, by inserting after the
31 word "providing" the following: "an excise tax and"."

32 2. By renumbering as necessary.

By MARY A. LUNDBY

Fiscal Services Division
Legislative Services Agency
Fiscal Note

SF 2330 - Touch Play Machines (LSB 5993 SV)
Analyst: Douglas Wulf (Phone: [515] 281-3250) (douglas.wulf@legis.state.ia.us)
Fiscal Note Version - New

Description

Senate File 2330 prohibits the Iowa Lottery from authorizing the use of monitor vending machines. The Bill provides that any retailer that has acquired a monitor vending machine prior to the effective date of this Bill may only continue to offer the use of the machine for 30 days after enactment. The Bill takes effect upon enactment.

Background

As of March 1, 2006, there were approximately 6,000 monitor vending machines called Touch Play Machines, in use in retail establishments in Iowa. Among the most prevalent establishments using these machines are bars, restaurants, fraternal organizations with liquor licenses, truck stops, convenience stores, grocery stores, and bowling alleys. The Iowa Lottery's contracts with the manufacturers of the Touch Play Machines specify that the Lottery will receive 24.0% of the net receipts in FY 2006, 27.0% in FY 2007, 30.0% in FY 2008, and 34.0% in FY 2009.

Assumptions

The Lottery has revised its estimates and now anticipates the machines will generate \$40.0 million in new revenues for FY 2006, \$60.0 million in FY 2007, and \$77.8 million in FY 2009.

Fiscal Impact

Estimated generated revenue in FY 2006 will be \$30.0 to \$40.0 million while forgone revenue to the State General Fund from the prohibition of Touch Play Machines is estimated to be up to \$10.0 million in FY 2006, \$60.0 million in FY 2007, and \$77.8 million by FY 2009.

Source

Iowa Lottery

/s/ Holly M. Lyons

March 10, 2006

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

SENATE FILE **2330**
BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO SF 2142)

(AS AMENDED AND PASSED BY THE SENATE MARCH 13, 2006)

ALL New Language by the Senate

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

A BILL FOR

1 An Act prohibiting monitor vending machines and providing an
2 excise tax and an effective date.

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

S.F. 2330

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1 Section 1. Section 99G.3, subsection 7, Code 2005, is
2 amended to read as follows:

3 7. "Lottery", "lotteries", "lottery game", "lottery games"
4 or "lottery products" means any game of chance approved by the
5 board and operated pursuant to this chapter and games using
6 mechanical or electronic devices, provided that the authority
7 shall not authorize a monitor vending machine or a player-
8 activated gaming machine that utilizes an internal randomizer
9 to determine winning and nonwinning plays and that upon random
10 internal selection of a winning play dispenses coins,
11 currency, or a ticket, credit, or token to the player that is
12 redeemable for cash or a prize, and excluding gambling or
13 gaming conducted pursuant to chapter 99B, 99D, or 99F.

14 Sec. 2. Section 99G.3, Code 2005, is amended by adding the
15 following new subsection:

16 NEW SUBSECTION. 8A. "Monitor vending machine" means a
17 machine or other similar electronic device that includes a
18 video monitor and audio capabilities that dispenses to a
19 purchaser lottery tickets that have been determined to be
20 winning or losing tickets by a predetermined pool drawing
21 machine prior to the dispensing of the tickets.

22 Sec. 3. NEW SECTION. 99G.30A MONITOR VENDING MACHINE --
23 TAX IMPOSED.

24 1. If revenues are generated from monitor vending machines
25 on or after forty-five days following the effective date of
26 this Act, then there shall be a monitor vending machine excise
27 tax imposed on net monitor vending machine revenue receipts at
28 the rate of sixty-five percent.

29 2. a. The director of revenue shall administer the
30 monitor vending machine excise tax as nearly as possible in
31 conjunction with the administration of state sales tax laws.
32 The director shall provide appropriate forms or provide
33 appropriate entries on the regular state tax forms for
34 reporting local sales and services tax liability.

35 b. All powers and requirements of the director to

1 administer the state sales and use tax law are applicable to
2 the administration of the monitor vending machine excise tax,
3 including but not limited to the provisions of section 422.25,
4 subsection 4, sections 422.30, 422.67, and 422.68, section
5 422.69, subsection 1, sections 422.70 to 422.75, section
6 423.14, subsection 1 and subsection 2, paragraphs "b" through
7 "e", and sections 423.15, 423.23, 423.24, 423.25, 423.31 to
8 423.35, 423.37 to 423.42, 423.46, and 423.47.

9 c. Frequency of deposits and quarterly reports of the
10 monitor vending machine excise tax with the department of
11 revenue are governed by the tax provisions in section 423.31.
12 Monitor vending machine excise tax collections shall not be
13 included in computation of the total tax to determine
14 frequency of filing under section 423.31.

15 3. For purposes of this section, "net monitor vending
16 machine revenue receipts" means the gross receipts received
17 from monitor vending machines less prizes awarded.

18 Sec. 4. TRANSITION PROVISIONS -- MONITOR VENDING MACHINES.
19 Notwithstanding any provision of section 99G.3, as amended by
20 this Act, to the contrary, a retailer that has acquired a
21 monitor vending machine prior to the effective date of this
22 Act shall be allowed to offer the machine to the public for
23 only forty-five days following the effective date of this Act.
24 On or after forty-five days following the effective date of
25 this Act, a retailer shall not make a monitor vending machine
26 available to the public.

27 Sec. 5. EFFECTIVE DATE. This Act, being deemed of
28 immediate importance, takes effect upon enactment.

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SENATE FILE 2330

H-8228

1 Amend Senate File 2330, as amended, passed, and
2 reprinted by the Senate, as follows:

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

5 "Section 1. Section 99G.3, subsection 7, Code
6 2005, is amended to read as follows:

7 7. "Lottery", "lotteries", "lottery game",
8 "lottery games" or "lottery products" means any game
9 of chance approved by the board and operated pursuant
10 to this chapter and games using mechanical or
11 electronic devices, provided that the authority shall
12 not authorize a monitor vending machine or a player-
13 activated gaming machine that utilizes an internal
14 randomizer to determine winning and nonwinning plays
15 and that upon random internal selection of a winning
16 play dispenses coins, currency, or a ticket, credit,
17 or token to the player that is redeemable for cash or
18 a prize, and excluding gambling or gaming conducted
19 pursuant to chapter 99B, 99D, or 99F.

20 Sec. 2. Section 99G.3, Code 2005, is amended by
21 adding the following new subsection:

22 NEW SUBSECTION. 8A. "Monitor vending machine"
23 means a machine or other similar electronic device
24 that includes a video monitor and audio capabilities
25 that dispenses to a purchaser lottery tickets that
26 have been determined to be winning or losing tickets
27 by a predetermined pool drawing machine prior to the
28 dispensing of the tickets.

29 Sec. 3. TRANSITION PROVISIONS -- MONITOR VENDING
30 MACHINES.

31 1. Notwithstanding any provision of section 99G.3,
32 as amended by this Act, to the contrary, a retailer
33 that has acquired a monitor vending machine prior to
34 the effective date of this Act shall be allowed to
35 offer the machine to the public for only forty-five
36 days following the effective date of this Act. On or
37 after forty-five days following the effective date of
38 this Act, a retailer shall not make a monitor vending
39 machine available to the public except as provided in
40 subsection 2.

41 2. However, a retailer that has acquired a monitor
42 vending machine prior to the effective date of this
43 Act may continue to offer the machine to the public
44 until September 15, 2006, if prior to forty-five days
45 following the effective date of this Act a waiver has
46 been filed by the retailer with the Iowa lottery. The
47 waiver shall be signed by the retailer, and the
48 manufacturer and distributor of the machine to be
49 offered to the public pursuant to this subsection by
50 the retailer, and provide that all parties agree to

H-8228

1 waive any and all claims any party may have against
2 the Iowa lottery and the state arising out of the
3 operation of this Act.

4 3. Upon filing a waiver as provided by subsection
5 2, lottery revenues derived from monitor vending
6 machines of the retailer and otherwise required to be
7 payable to the Iowa lottery shall not be required to
8 be paid to the Iowa lottery for the period on or after
9 the date the waiver is filed and prior to September
10 15, 2006. Instead, revenues otherwise required to be
11 paid to the Iowa lottery shall be retained by the
12 retailer and allocated to the retailer, manufacturer,
13 and distributor of the machine in the same percentage
14 as revenues are to be allocated between the parties
15 pursuant to the contracts entered into by the parties.

16 Sec. 4. EFFECTIVE DATE. This Act, being deemed of
17 immediate importance, takes effect upon enactment."

18 2. Title page, line 2, by striking the words
19 "excise tax and an".

By QUIRK of Chickasaw

H-8228 FILED MARCH 14, 2006

LOST

SENATE FILE 2330

H-8232

1 Amend Senate File 2330, as amended, passed, and
2 reprinted by the Senate, as follows:

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

5 "Section 1. Section 99G.9, Code 2005, is amended
6 by adding the following new subsection:

7 NEW SUBSECTION. 4A. To establish a process to
8 allow a person to be voluntarily excluded for life
9 from purchasing a lottery ticket or share for lottery
10 games authorized by this chapter. The process
11 established shall require that the authority
12 disseminate information regarding persons voluntarily
13 excluded to all retailers under this chapter and, if
14 applicable, to licensees under chapters 99D and 99F.
15 The state, the authority, retailers under this
16 chapter, and, if applicable, any licensee under
17 chapter 99D or 99F shall not be liable to any person
18 for any claim which may arise from this process. In
19 addition to any other penalty provided by law, any
20 money or thing of value that has been obtained by, or
21 is owed to, a voluntarily excluded person by the
22 authority as a result of playing any lottery game by
23 the person after the person has been voluntarily
24 excluded shall not be paid to the person but shall be
25 deposited into the gambling treatment fund created in
26 section 135.150. The authority shall coordinate with
27 the racing and gaming commission to establish a
28 unified process for allowing persons to be excluded
29 for life under this chapter and chapters 99D and 99F,
30 and to establish a statewide database of persons
31 excluded under this process and those excluded under
32 the process for racetrack enclosures and all other
33 licensed facilities under chapters 99D and 99F.

34 Sec. 2. Section 99G.30, subsection 4, Code 2005,
35 is amended to read as follows:

36 4. Except for the authority, a retailer shall only
37 sell lottery products on the licensed premises and not
38 through the mail or by technological means except as
39 the authority may provide or authorize and subject to
40 the requirements of section 99G.30A.

41 Sec. 3. Section 99G.30, Code 2005, is amended by
42 adding the following new subsection:

43 NEW SUBSECTION. 8. Lottery products or shares
44 shall only be sold by a person at least eighteen years
45 of age.

46 Sec. 4. NEW SECTION. 99G.30A MONITOR VENDING
47 MACHINES -- RESTRICTIONS.

48 1. It shall be lawful for a retailer to sell
49 lottery products or tickets by means of a monitor
50 vending machine pursuant to the requirements of the

H-8232

1 authority, but only if all of the following conditions
2 are met:

3 a. A monitor vending machine shall only be
4 permitted or offered for use by a retailer that is a
5 fraternal or charitable organization in any single
6 location or premises for which a class "A" or class
7 "C" liquor control license has been issued pursuant to
8 chapter 123.

9 b. A monitor vending machine shall not be located
10 on the premises of a retailer within twenty feet of an
11 automated teller machine.

12 c. A retailer may locate no more than four monitor
13 vending machines at the retailer's premises.

14 d. The authority shall not advertise or promote
15 the availability of monitor vending machines to the
16 public. In addition, a person or retailer shall not
17 advertise or promote the availability of a monitor
18 vending machine to the public as anything other than a
19 monitor vending machine dispensing lottery products or
20 tickets pursuant to rules adopted by the authority.

21 e. A monitor vending machine offered to the public
22 shall be designed so as to be inaudible and with a
23 blank video monitor screen until the machine is
24 activated by a player. To activate a machine, a
25 player shall be required to obtain a code or similar
26 activating device from the retailer each time a player
27 wishes to activate and play a machine. In addition,
28 each machine shall be designed to require each player
29 to affirmatively respond to questions on the machine
30 as determined by the authority prior to playing the
31 machine. The questions shall require responses
32 related to the minimum age required to play the
33 machine, the consequences if a person excluded from
34 purchasing lottery products plays the machine, and the
35 availability of gambling treatment programs.

36 f. The minimum cost for a person to activate and
37 play a game on a monitor vending machine shall be no
38 less than one dollar.

39 g. A retailer with a monitor vending machine shall
40 make brochures concerning available gambling treatment
41 information readily available to players of the
42 machine.

43 h. A retailer offering a monitor vending machine
44 to the public shall require that all employees
45 authorized to provide the code or similar activating
46 device to persons prior to activating and playing a
47 monitor vending machine shall be at least eighteen
48 years of age.

49 i. The number of monitor vending machines
50 authorized by the authority and offered to the public

1 shall not exceed the number of monitor vending
2 machines that had been authorized and either located
3 on the licensed premises of a retailer or ordered by a
4 retailer from an authorized manufacturer as of January
5 7, 2006.

6 2. For purposes of this section, "monitor vending
7 machine" means a machine or other similar electronic
8 device that includes a video monitor and audio
9 capabilities that dispenses to a purchaser lottery
10 tickets that have been determined to be winning or
11 losing tickets by a predetermined pool drawing machine
12 prior to the dispensing of the tickets.

13 Sec. 5. NEW SECTION. 99G.30B AGE RESTRICTIONS --
14 PENALTIES.

15 1. A person under the age of twenty-one years
16 shall not purchase or attempt to purchase a lottery
17 ticket or share. A person who violates this
18 subsection commits a scheduled violation under section
19 805.8C, subsection 5.

20 2. If any retailer, or employee of a retailer, is
21 convicted or found in violation of section 99G.30,
22 subsection 3, the authority shall, in addition to
23 criminal penalties fixed for violation of that
24 subsection, assess a civil penalty as follows:

25 a. A first violation shall subject the retailer to
26 a civil penalty in the amount of five hundred dollars.

27 b. A second violation within two years shall
28 subject the retailer to a thirty-day suspension of the
29 retailer's license and a civil penalty in the amount
30 of one thousand five hundred dollars.

31 c. A third violation within three years shall
32 subject the retailer to a sixty-day suspension of the
33 retailer's license and a civil penalty in the amount
34 of one thousand five hundred dollars.

35 d. A fourth violation within three years shall
36 result in revocation of the retailer's license.

37 e. For purposes of this subsection:

38 (1) The date of any violation shall be used in
39 determining the period between violations.

40 (2) Suspension shall be limited to the specific
41 license for the premises found in violation.

42 Sec. 6. Section 99G.33, Code 2005, is amended to
43 read as follows:

44 99G.33 LAW ENFORCEMENT INVESTIGATIONS.

45 The department of public safety, division of
46 criminal investigation, shall be the primary state
47 agency responsible for investigating criminal
48 violations under this chapter. The chief executive
49 officer shall contract with the department of public
50 safety for investigative services, including the

1 employment of special agents and support personnel,
2 and procurement of necessary equipment to carry out
3 the responsibilities of the division of criminal
4 investigation under the terms of the contract and this
5 chapter. The contract shall provide, at a minimum,
6 for random checks of retailers at all hours for
7 compliance with the provisions of this chapter,
8 especially as it relates to the purchase of lottery
9 products or access to monitor vending machines by a
10 person who has not reached the age of twenty-one.

11 Sec. 7. Section 99G.39, subsection 1, paragraph a,
12 Code 2005, is amended to read as follows:

13 a. An amount equal to one-half of one percent of
14 the gross lottery revenue for the year shall be
15 deposited in the gambling treatment fund created in
16 section 135.150. However, an amount equal to one
17 percent of the gross lottery revenue for the year
18 derived from monitor vending machines shall be
19 deposited in the gambling treatment fund created in
20 section 135.150.

21 Sec. 8. Section 805.8C, subsection 5, Code
22 Supplement 2005, is amended to read as follows:

23 5. GAMBLING VIOLATIONS. For violations of legal
24 age for gambling wagering under section 99D.11,
25 subsection 7, section 99F.9, subsection 5, section
26 99G.30B, subsection 1, and section 725.19, subsection
27 1, the scheduled fine is five hundred dollars.
28 Failure to pay the fine by a person under the age of
29 eighteen shall not result in the person being detained
30 in a secure facility."

31 2. Title page, by striking lines 1 and 2 and
32 inserting the following: "An Act concerning the Iowa
33 lottery, including provisions on authorized lottery
34 games and machines, and providing penalties."

35 3. By renumbering as necessary.

By D. TAYLOR of Linn

H-8232 FILED MARCH 14, 2006

LOST

SENATE FILE 2330

H-8233

1 Amend the amendment, H-8228, to Senate File 2330,
2 as amended, passed, and reprinted by the Senate, as
3 follows:

4 1. Page 2, by striking lines 4 through 15.

5 2. By renumbering as necessary.

By QUIRK of Chickasaw

H-8233 FILED MARCH 14, 2006

ADOPTED

SENATE FILE 2330

H-8236

1 Amend Senate File 2330, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 2, by inserting after line 26 the
4 following:

5 "Sec. ____ . MONITOR VENDING MACHINES --
6 REIMBURSEMENT FUND.

7 1. Notwithstanding any provision of section
8 99G.39, subsection 3, to the contrary, the lottery
9 revenues derived from monitor vending machines and
10 otherwise required by law to be deposited in the
11 general fund of the state for the fiscal year
12 commencing July 1, 2005, and ending June 30, 2006,
13 shall not be deposited in the general fund of the
14 state but shall be deposited in a monitor vending
15 machine reimbursement fund which is created in the
16 state treasury under the control of the Iowa lottery
17 authority. In addition, if such revenues have been
18 deposited in the general fund of the state, there is
19 appropriated from the general fund of the state to the
20 monitor vending machine reimbursement fund an amount
21 equal to the revenues derived from monitor vending
22 machines for the fiscal period commencing July 1,
23 2005, and ending forty-five days following the
24 effective date of this Act. Notwithstanding section
25 12C.7, subsection 2, interest or earnings on moneys
26 deposited in the monitor vending machine reimbursement
27 fund shall be credited to the monitor vending machine
28 reimbursement fund. Notwithstanding section 8.33,
29 moneys credited to the monitor vending machine
30 reimbursement fund for the fiscal period commencing
31 July 1, 2005, and ending forty-five days following the
32 effective date of this Act shall not revert to the
33 general fund of the state.

34 2. Moneys in the reimbursement fund shall be
35 disbursed to participating aggrieved retailers
36 pursuant to the requirements of this section. For
37 purposes of this section, a participating aggrieved
38 retailer is a retailer who owns no more than three
39 businesses and who had purchased or leased a monitor
40 vending machine prior to the effective date of this
41 Act but is no longer eligible to offer a monitor
42 vending machine to the public after forty-five days
43 following the effective date of this Act and who has
44 made an application to the authority by July 1, 2007.

45 3. The Iowa lottery shall establish an application
46 process for retailers that have acquired or leased a
47 monitor vending machine prior to the effective date of
48 this Act, as well as manufacturers and distributors of
49 machines offered to the public prior to the effective
50 date of this Act, to obtain a monitor vending machine

H-8236

SENATE FILE 2330

H-8234

1 Amend Senate File 2330, as amended, passed and
2 reprinted by the Senate, as follows:

3 1. Page 1, line 25, by striking the word "forty-
4 five" and inserting the following: "ninety".

5 2. Page 2, line 23, by striking the word "forty-
6 five" and inserting the following: "ninety".

7 3. Page 2, line 24, by striking the word "forty-
8 five" and inserting the following: "ninety".

By HEATON of Henry
HORBACH of Tama
GRANZOW of Hardin

H-8234 FILED MARCH 14, 2006

WITHDRAWN

SENATE FILE 2330

H-8241

1 Amend the amendment, H-8228, to Senate File 2330,
2 as amended, passed, and reprinted by the Senate, as
3 follows:

4 1. By striking page 1, line 5, through page 2;
5 line 19, and inserting the following:

6 "Sec. ____ . Section 99G.3, subsection 7, Code 2005,
7 is amended to read as follows:

8 7. "Lottery", "lotteries", "lottery game",
9 "lottery games" or "lottery products" means any game
10 of chance approved by the board and operated pursuant
11 to this chapter and games using mechanical or
12 electronic devices, provided that the authority shall
13 not authorize a monitor vending machine or a player-
14 activated gaming machine that utilizes an internal
15 randomizer to determine winning and nonwinning plays
16 and that upon random internal selection of a winning
17 play dispenses coins, currency, or a ticket, credit,
18 or token to the player that is redeemable for cash or
19 a prize, and excluding gambling or gaming conducted
20 pursuant to chapter 99B, 99D, or 99F.

21 Sec. ____ . Section 99G.3, Code 2005, is amended by
22 adding the following new subsection:

23 NEW SUBSECTION. 8A. "Monitor vending machine"
24 means a machine or other similar electronic device
25 that includes a video monitor and audio capabilities
26 that dispenses to a purchaser lottery tickets that
27 have been determined to be winning or losing tickets
28 by a predetermined pool drawing machine prior to the
29 dispensing of the tickets.

30 Sec. ____ . NEW SECTION. 99G.30A MONITOR VENDING
31 MACHINE -- TAX IMPOSED.

32 1. If revenues are generated from monitor vending
33 machines on or after forty-five days following the
34 effective date of this Act, then there shall be a
35 monitor vending machine excise tax imposed on net
36 monitor vending machine revenue receipts at the rate
37 of sixty-five percent.

38 2. a. The director of revenue shall administer
39 the monitor vending machine excise tax as nearly as
40 possible in conjunction with the administration of
41 state sales tax laws. The director shall provide
42 appropriate forms or provide appropriate entries on
43 the regular state tax forms for reporting local sales
44 and services tax liability.

45 b. All powers and requirements of the director to
46 administer the state sales and use tax law are
47 applicable to the administration of the monitor
48 vending machine excise tax, including but not limited
49 to the provisions of section 422.25, subsection 4,
50 sections 422.30, 422.67, and 422.68, section 422.69,

H-8241

H-8236

Page 2

1 reimbursement grant from the monitor vending machine
2 reimbursement fund. As a condition of a retailer,
3 manufacturer, or distributor receiving a grant
4 pursuant to this section, the applicable retailer,
5 manufacturer, or distributor shall waive any and all
6 claims any party may have against the Iowa lottery and
7 the state arising out of the operation of this Act."

8 2. Title page, line 2, by inserting after the
9 word "tax" the following: ", an appropriation,".

10 3. By renumbering as necessary.

By FALLON of Polk

H-8236 FILED MARCH 14, 2006

WITHDRAWN

SENATE FILE 2330

H-8239

1 Amend Senate File 2330, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. Page 2, by inserting after line 26 the
4 following:

5 "Sec. ____ . IOWA LOTTERY REIMBURSEMENT GRANTS.

6 There is appropriated from the general fund of the
7 state to the Iowa lottery division for the fiscal year
8 beginning July 1, 2006, and ending June 30, 2007, the
9 following amount, or so much thereof as is necessary,
10 to be used for the purpose designated:

11 For providing monitor vending machine reimbursement
12 grants as provided by this section:

13 \$149,000,000

14 The Iowa lottery shall establish an application
15 process for retailers that have acquired a monitor
16 vending machine prior to the effective date of this
17 Act, as well as manufacturers and distributors of
18 machines offered to the public prior to the effective
19 date of this Act, to obtain a monitor vending machine
20 reimbursement grant from the amount appropriated in
21 this section. As a condition of a retailer,
22 manufacturer, or distributor receiving a grant
23 pursuant to this section, the applicable retailer,
24 manufacturer, or distributor shall waive any and all
25 claims any party may have against the Iowa lottery and
26 the state arising out of the operation of this Act."

27 2. Title page, line 2, by inserting after the
28 word "tax" the following: ", an appropriation,".

29 3. By renumbering as necessary.

By FORD of Polk

H-8239 FILED MARCH 14, 2006

LOST

SENATE FILE 2330

H-8250

1 Amend Senate File 2330, as amended, passed, and
2 reprinted by the Senate, as follows:

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

5 "Section 1. Section 99G.30, subsection 4, Code
6 2005, is amended to read as follows:

7 4. Except for the authority, a retailer shall only
8 sell lottery products on the licensed premises and not
9 through the mail or by technological means except as
10 the authority may provide or authorize and subject to
11 the requirements of section 99G.30A.

12 Sec. 2. NEW SECTION. 99G.30A MONITOR VENDING
13 MACHINES -- REFERENDUM.

14 1. It shall be lawful for a retailer to sell
15 lottery products or tickets by means of a monitor
16 vending machine pursuant to the requirements of the
17 authority, but only in a county in which the result of
18 the most recent referendum conducted in that county
19 pursuant to section 99G.30B was approval of a proposal
20 to authorize monitor vending machines.

21 2. For purposes of this section, "monitor vending
22 machine" means a machine or other similar electronic
23 device that includes a video monitor and audio
24 capabilities that dispenses to a purchaser lottery
25 tickets that have been determined to be winning or
26 losing tickets by a predetermined pool drawing machine
27 prior to the dispensing of the tickets.

28 Sec. 3. NEW SECTION. 99G.30B MONITOR VENDING
29 MACHINES -- CONDUCT OF REFERENDUM.

30 1. The board of supervisors of each county shall
31 direct the commissioner of elections to submit a
32 proposition concerning monitor vending machines to the
33 county electorate at the general election held in 2006
34 and at the general election held at each subsequent
35 ten-year interval.

36 2. The proposition to be submitted to the electors
37 shall be in the following form:

38 Should monitor vending machines approved by the
39 Iowa lottery be allowed for (name of applicable
40 county)?

41 3. If a majority of the county voters voting in
42 the most recent referendum on the proposition favors
43 allowing monitor vending machines, then retailers may
44 offer monitor vending machines to the public in that
45 county pursuant to the requirements of this chapter.
46 If a majority of the county voters voting in the most
47 recent referendum on the proposition does not favor
48 allowing monitor vending machines, then monitor
49 vending machines shall not be permitted in the county
50 and retailers shall not make any monitor vending

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1 subsection 1, sections 422.70 to 422.75, section
2 423.14, subsection 1 and subsection 2, paragraphs "b"
3 through "e", and sections 423.15, 423.23, 423.24,
4 423.25, 423.31 to 423.35, 423.37 to 423.42, 423.46,
5 and 423.47.

6 c. Frequency of deposits and quarterly reports of
7 the monitor vending machine excise tax with the
8 department of revenue are governed by the tax
9 provisions in section 423.31. Monitor vending machine
10 excise tax collections shall not be included in
11 computation of the total tax to determine frequency of
12 filing under section 423.31.

13 3. For purposes of this section, "net monitor
14 vending machine revenue receipts" means the gross
15 receipts received from monitor vending machines less
16 prizes awarded.

17 Sec. ____ . TRANSITION PROVISIONS -- MONITOR VENDING
18 MACHINES. Notwithstanding any provision of section
19 99G.3, as amended by this Act, to the contrary, a
20 retailer that has acquired a monitor vending machine
21 prior to the effective date of this Act shall be
22 allowed to offer the machine to the public for only
23 forty-five days following the effective date of this
24 Act. On or after forty-five days following the
25 effective date of this Act, a retailer shall not make
26 a monitor vending machine available to the public.

27 Sec. ____ . EFFECTIVE DATE. This Act, being deemed
28 of immediate importance, takes effect upon enactment."

By CARROLL of Poweshiek

H-8241 FILED MARCH 14, 2006

WITHDRAWN

SENATE FILE 2330

H-8252

1 Amend the amendment, H-8228, to Senate File 2330,
2 as amended, passed, and reprinted by the Senate, as
3 follows:

4 1. By striking page 1, line 5, through page 2,
5 line 19, and inserting the following:

6 ""Section 1. Section 99G.3, subsection 7, Code
7 2005, is amended to read as follows:

8 7. "Lottery", "lotteries", "lottery game",
9 "lottery games" or "lottery products" means any game
10 of chance approved by the board and operated pursuant
11 to this chapter and games using mechanical or
12 electronic devices, provided that the authority shall
13 not authorize a monitor vending machine or a player-
14 activated gaming machine that utilizes an internal
15 randomizer to determine winning and nonwinning plays
16 and that upon random internal selection of a winning
17 play dispenses coins, currency, or a ticket, credit,
18 or token to the player that is redeemable for cash or
19 a prize, and excluding gambling or gaming conducted
20 pursuant to chapter 99B, 99D, or 99F.

21 Sec. 2. Section 99G.3, Code 2005, is amended by
22 adding the following new subsection:

23 NEW SUBSECTION. 8A. "Monitor vending machine"
24 means a machine or other similar electronic device
25 that includes a video monitor and audio capabilities
26 that dispenses to a purchaser lottery tickets that
27 have been determined to be winning or losing tickets
28 by a predetermined pool drawing machine prior to the
29 dispensing of the tickets.

30 Sec. 3. TRANSITION PROVISIONS -- MONITOR VENDING
31 MACHINES.

32 1. Notwithstanding any provision of section 99G.3,
33 as amended by this Act, to the contrary, a retailer
34 that has acquired a monitor vending machine prior to
35 the effective date of this Act shall be allowed to
36 offer the machine to the public for only forty-five
37 days following the effective date of this Act. On or
38 after forty-five days following the effective date of
39 this Act, a retailer shall not make a monitor vending
40 machine available to the public except as provided in
41 subsection 2.

42 2. However, a retailer that has acquired a monitor
43 vending machine prior to the effective date of this
44 Act may continue to offer the machine to the public
45 until September 1, 2006, if prior to forty-five days
46 following the effective date of this Act a waiver has
47 been filed by the retailer with the Iowa lottery. The
48 waiver shall be signed by the retailer, and the
49 manufacturer and distributor of the machine to be
50 offered to the public pursuant to this subsection by

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1 machines available to the public within sixty days
2 after the election."

3 2. Title page, by striking lines 1 and 2 and
4 inserting the following: "An Act concerning the Iowa
5 lottery, including provisions on authorized lottery
6 games and machines."

By FORD of Polk

H-8250 FILED MARCH 14, 2006

LOST

SENATE FILE 2330

H-8257

1 Amend the amendment, H-8228, to Senate File 2330,
2 as amended, passed, and reprinted by the Senate, as
3 follows:

4 1. Page 2, by striking lines 4 through 15 and
5 inserting the following:

6 "Sec. ____ . MONITOR VENDING MACHINES --
7 REIMBURSEMENT FUND.

8 1. Notwithstanding any provision of section
9 99G.39, subsection 3, to the contrary, the lottery
10 revenues derived from monitor vending machines and
11 otherwise required by law to be deposited in the
12 general fund of the state for the fiscal period
13 beginning with the effective date of this Act and
14 ending September 15, 2006, shall not be deposited in
15 the general fund of the state but shall be deposited
16 in a monitor vending machine reimbursement fund which
17 is created in the state treasury under the control of
18 the Iowa lottery authority. Notwithstanding section
19 12C.7, subsection 2, interest or earnings on moneys
20 deposited in the monitor vending machine reimbursement
21 fund shall be credited to the monitor vending machine
22 reimbursement fund. Notwithstanding section 8.33,
23 moneys credited to the monitor vending machine
24 reimbursement fund pursuant to this subsection shall
25 not revert to the general fund of the state until all
26 claims against the reimbursement fund are paid.

27 2. Moneys in the reimbursement fund shall be
28 disbursed to participating aggrieved retailers
29 pursuant to the requirements of this section. For
30 purposes of this section, a participating aggrieved
31 retailer is a retailer or Iowa-based distributor who
32 owns no more than three businesses and who had
33 purchased or leased a monitor vending machine prior to
34 the effective date of this Act but is no longer
35 eligible to offer a monitor vending machine to the
36 public after September 15, 2006, and who has made an
37 application to the authority by December 31, 2006.

38 3. The Iowa lottery authority shall establish an
39 application process for aggrieved retailers and Iowa-
40 based distributors that have acquired or leased a
41 monitor vending machine prior to the effective date of
42 this Act to obtain a monitor vending machine
43 reimbursement grant from the monitor vending machine
44 reimbursement fund for losses suffered by the
45 retailer. In determining losses, the application
46 shall include information on the cost of the lease or
47 purchase, the cost to dispose of the machine, and
48 other costs associated with the machine."

49 2. By renumbering as necessary.

By FALLON of Polk

H-8257 FILED MARCH 14, 2006

OUT OF ORDER

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1 the retailer, and provide that all parties agree to
2 waive any and all claims any party may have against
3 the Iowa lottery and the state arising out of the
4 operation of this Act.

5 3. Upon filing a waiver as provided by subsection
6 2, lottery revenues derived from monitor vending
7 machines of the retailer and otherwise required to be
8 payable to the Iowa lottery shall not be required to
9 be paid to the Iowa lottery for the period on or after
10 the date the waiver is filed and prior to September 1,
11 2006. Instead, revenues otherwise required to be paid
12 to the Iowa lottery shall be retained by the retailer
13 and allocated to the retailer, manufacturer, and
14 distributor of the machine in the same percentage as
15 revenues are to be allocated between the parties
16 pursuant to the contracts entered into by the parties.

17 Sec. 4. EFFECTIVE DATE. This Act, being deemed of
18 immediate importance, takes effect upon enactment."

19 _____. Title page, line 2, by striking the words
20 "excise tax and an"."

By QUIRK of Chickasaw

H-8252 FILED MARCH 14, 2006

WITHDRAWN

SENATE FILE 2330

H-8253

1 Amend the amendment, H-8228, to Senate File 2330,
2 as amended, passed, and reprinted by the Senate, as
3 follows:

4 1. Page 1, line 44, by striking the word and
5 figure "September 15" and inserting the following:
6 "September 1".

7 2. Page 2, lines 9 and 10, by striking the word
8 and figure "September 15" and inserting the following:
9 "September 1".

By QUIRK of Chickasaw

H-8253 FILED MARCH 14, 2006

WITHDRAWN

Fiscal Services Division
Legislative Services Agency
Fiscal Note

SF 2330 - Touch Play Machines (LSB 5993 SV.1)
Analyst: Douglas Wulf (Phone: [515] 281-3250) (douglas.wulf@legis.state.ia.us)
Fiscal Note Version – As Amended and Passed by the Senate

Description

Senate File 2330, as Amended and Passed by the Senate, prohibits the Iowa Lottery from authorizing the use of monitor vending machines. The Bill provides that any retailer that has acquired a monitor vending machine prior to the effective date of this Bill may only continue to offer the use of the machine for 45 days after enactment. The Bill also provides that if any machines are still in operation after 45 days after the effective date, the Department of Revenue is to administer and collect a monitor vending machine excise tax of 65.0% on the net monitor vending machine revenue receipts. The Bill takes effect upon enactment.

Background

As of March 1, 2006, there were approximately 6,000 monitor vending machines called Touch Play Machines, in use in retail establishments in Iowa. Among the most prevalent establishments using these machines are bars, restaurants, fraternal organizations with liquor licenses, truck stops, convenience stores, grocery stores, and bowling alleys. The Iowa Lottery's contracts with the manufacturers of the Touch Play Machines specify that the Lottery will receive 24.0% of the net receipts in FY 2006, 27.0% in FY 2007, 30.0% in FY 2008, and 34.0% in FY 2009.

Assumptions

The Lottery has revised its estimates and now anticipates the machines would generate \$40.0 million in new revenues for FY 2006, \$60.0 million in FY 2007, and \$77.8 million in FY 2009.

Fiscal Impact

Estimated generated revenue in FY 2006 will be \$30.0 to \$40.0 million while forgone revenue to the State General Fund from the prohibition of Touch Play Machines is estimated to be up to \$10.0 million in FY 2006 depending on when the Bill becomes effective, \$60.0 million in FY 2007, and \$77.8 million by FY 2009.

Source

Iowa Lottery

/s/ Holly M. Lyons

March 14, 2006

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

SENATE FILE 2330

AN ACT

PROHIBITING MONITOR VENDING MACHINES AND PROVIDING AN EXCISE TAX AND AN EFFECTIVE DATE.

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

Section 1. Section 99G.3, subsection 7, Code 2005, is amended to read as follows:

7. "Lottery", "lotteries", "lottery game", "lottery games" or "lottery products" means any game of chance approved by the board and operated pursuant to this chapter and games using mechanical or electronic devices, provided that the authority shall not authorize a monitor vending machine or a player-activated gaming machine that utilizes an internal randomizer to determine winning and nonwinning plays and that upon random internal selection of a winning play dispenses coins, currency, or a ticket, credit, or token to the player that is redeemable for cash or a prize, and excluding gambling or gaming conducted pursuant to chapter 99B, 99D, or 99F.

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

NEW SUBSECTION. 8A. "Monitor vending machine" means a machine or other similar electronic device that includes a video monitor and audio capabilities that dispenses to a purchaser lottery tickets that have been determined to be winning or losing tickets by a predetermined pool drawing machine prior to the dispensing of the tickets.

Sec. 3. NEW SECTION. 99G.30A MONITOR VENDING MACHINE -- TAX IMPOSED.

1. If revenues are generated from monitor vending machines on or after forty-five days following the effective date of

this Act, then there shall be a monitor vending machine excise tax imposed on net monitor vending machine revenue receipts at the rate of sixty-five percent.

2. a. The director of revenue shall administer the monitor vending machine excise tax as nearly as possible in conjunction with the administration of state sales tax laws. The director shall provide appropriate forms or provide appropriate entries on the regular state tax forms for reporting local sales and services tax liability.

b. All powers and requirements of the director to administer the state sales and use tax law are applicable to the administration of the monitor vending machine excise tax, including but not limited to the provisions of section 422.25, subsection 4, sections 422.30, 422.67, and 422.68, section 422.69, subsection 1, sections 422.70 to 422.75, section 423.14, subsection 1 and subsection 2, paragraphs "b" through "e", and sections 423.15, 423.23, 423.24, 423.25, 423.31 to 423.35, 423.37 to 423.42, 423.46, and 423.47.

c. Frequency of deposits and quarterly reports of the monitor vending machine excise tax with the department of revenue are governed by the tax provisions in section 423.31. Monitor vending machine excise tax collections shall not be included in computation of the total tax to determine frequency of filing under section 423.31.

3. For purposes of this section, "net monitor vending machine revenue receipts" means the gross receipts received from monitor vending machines less prizes awarded.

Sec. 4. TRANSITION PROVISIONS -- MONITOR VENDING MACHINES. Notwithstanding any provision of section 99G.3, as amended by this Act, to the contrary, a retailer that has acquired a monitor vending machine prior to the effective date of this Act shall be allowed to offer the machine to the public for only forty-five days following the effective date of this Act. On or after forty-five days following the effective date of this Act, a retailer shall not make a monitor vending machine available to the public.

Sec. 5. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

JOHN P. KIBBIE
President of the Senate

CHRISTOPHER C. RANTS
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2330, Eighty-first General Assembly.

MICHAEL E. MARSHALL
Secretary of the Senate

Approved _____, 2006

THOMAS J. VILSACK
Governor