

FISCAL UPDATE Article

Fiscal Services Division

July 17, 2023



Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

IOWA RACING AND GAMING REVENUE REPORTS

The Iowa Racing and Gaming Commission publishes monthly reports on [gaming revenue](#) and [sports wagering](#) across Iowa casinos. This report is based upon that information.

Casino Adjusted Gross Receipts

Adjusted gross receipts (AGR) consist of the total amount wagered less the winnings paid and represent the amount subject to wagering tax. The fourth quarter of 2023 decreased in AGR compared to the third quarter of FY 2023 and compared to the same quarters in FY 2021 and FY 2022. There was a 6.3% and 4.6% decrease in AGR in April and May 2023, respectively, compared to the same months in 2022. However, there was a 2.6% increase in AGR in June 2023 compared to June 2022. June 2023 had the highest AGR on record for the month of June.

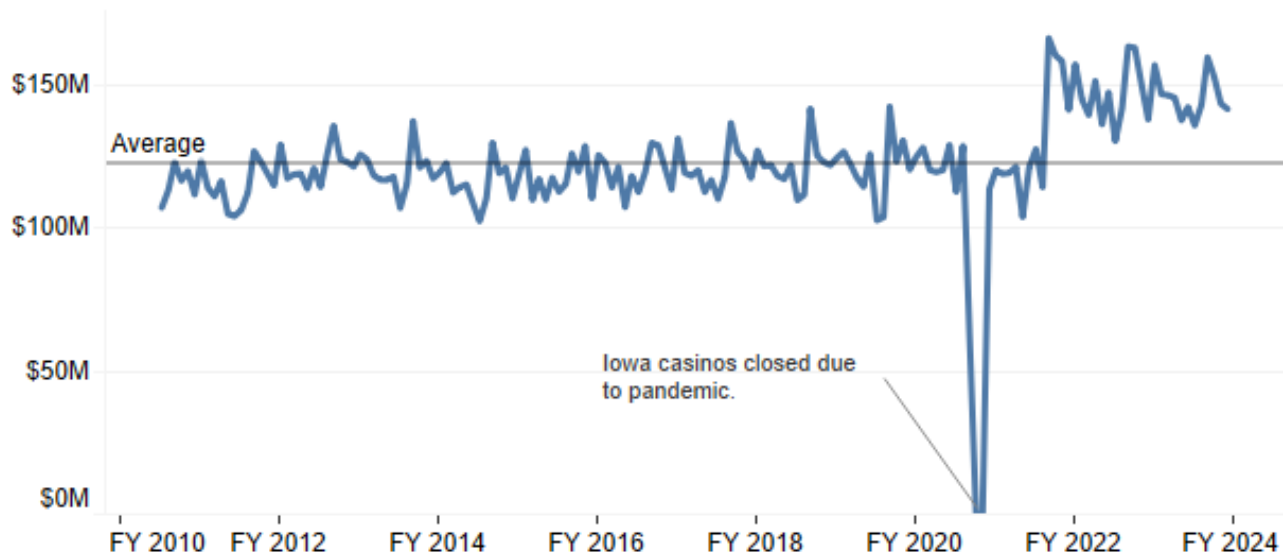
Adjusted Gross Revenue by Fiscal Quarter (in millions)

	2021	2022	2023
Q1	\$358.9	\$442.3	\$450.8
Q2	\$347.0	\$435.7	\$426.1
Q3	\$408.9	\$436.3	\$439.2
Q4	\$460.7	\$452.0	\$438.4
Total	\$1,575.4	\$1,766.2	\$1,754.5

Numbers may not total due to rounding.

During the 2021 Legislative Session, [SF 619](#) (Taxation and Other Provisions Act) amended the definition of “adjusted gross receipts” to include all promotional play receipts on gambling games from the beginning of FY 2022 to the end of FY 2026 with a gradual phaseout of the tax on promotional play receipts during this time. Beginning July 1, 2026, AGR will exclude promotional play receipts. Iowa Code section [99F.1](#) defines “promotional play receipts” as the total sums wagered on gambling games with tokens, chips, electronic credits, or other forms of cashless wagering provided by the licensee without an exchange of money. Promotional play may result in instances where State tax collected is lower than AGR would indicate.

Adjusted Gross Revenue by Month



Casino Gaming State Tax

Similarly to AGR, total State tax collected in the fourth quarter of FY 2023 decreased compared to the third quarter of FY 2023 and compared to the same quarters in FY 2021 and FY 2022. There was a 7.7% and 6.0% decrease in April and May, respectively, compared to the same months in 2022. However, there was a 1.2% increase in State tax in June 2023 compared to June 2022. While June 2023 had the highest AGR on record for the month of June, State tax collected in June 2023 was the second highest for the month of June, behind 2021.

State Tax by Fiscal Quarter
(in millions)

	2021	2022	2023
Q1	\$65.7	\$81.6	\$82.1
Q2	\$71.1	\$88.1	\$84.9
Q3	\$83.7	\$88.2	\$87.6
Q4	\$94.1	\$91.5	\$87.4
Total	\$314.5	\$349.4	\$342.0

Numbers may not total due to rounding.

Casino Admissions

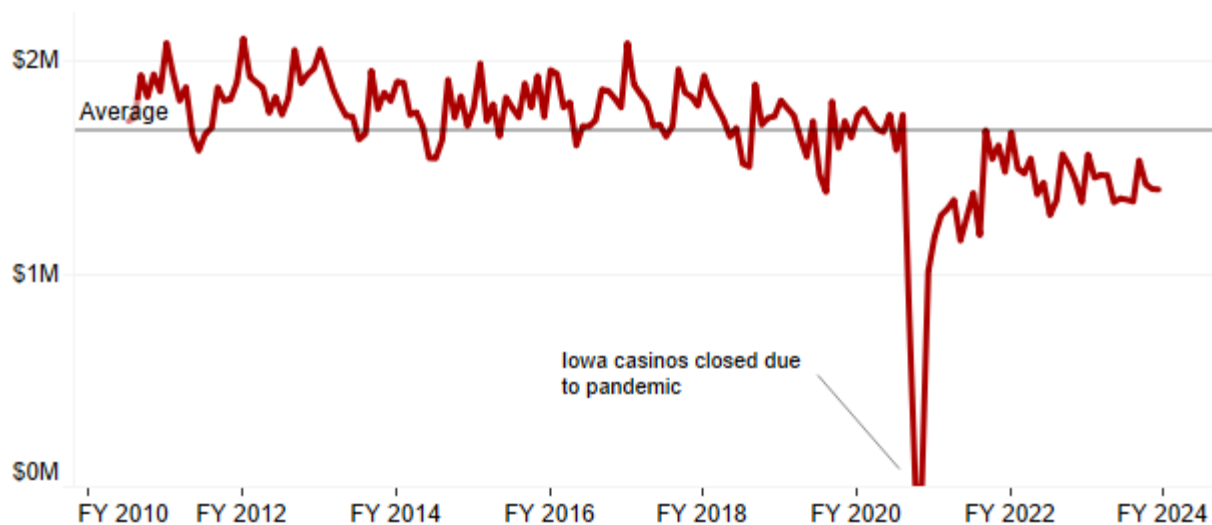
Admissions to Iowa casinos experienced a decrease in the fourth quarter of FY 2023 compared to the third quarter of FY 2023 and compared to the same quarters of FY 2022 and FY 2021. April and May 2023 experienced a 5.9% and 2.9% decrease in admissions, respectively, compared to the same months in 2022, while June admissions increased 4.5% compared to June 2022.

Admissions by Fiscal Quarter

	2021	2022	2023
Q1	3,758,237	4,632,331	4,479,211
Q2	3,772,323	4,347,649	4,156,312
Q3	4,239,381	4,186,939	4,223,954
Q4	4,624,714	4,289,683	4,219,448
Total	16,394,655	17,456,602	17,078,925

While lower casino admissions in FY 2021 and FY 2022 likely reflect the ongoing impact of the pandemic, casino admissions have been declining for a number of years. It is not possible to determine whether admissions in the future will rebound or whether a new normal can be expected. Admissions in the fourth quarter of FY 2023 were 13.6% below the average admissions for all fourth quarters since 2010.

Admissions by Month



Sports Wagering Net Receipts

Sports wagering net receipts consist of the total amount wagered (handle) less the winnings paid and represent the amount subject to State tax. Sports wagering was first authorized in the State beginning on August 15, 2019. Until January 1, 2021, individuals were required to register in person inside a casino to wager.

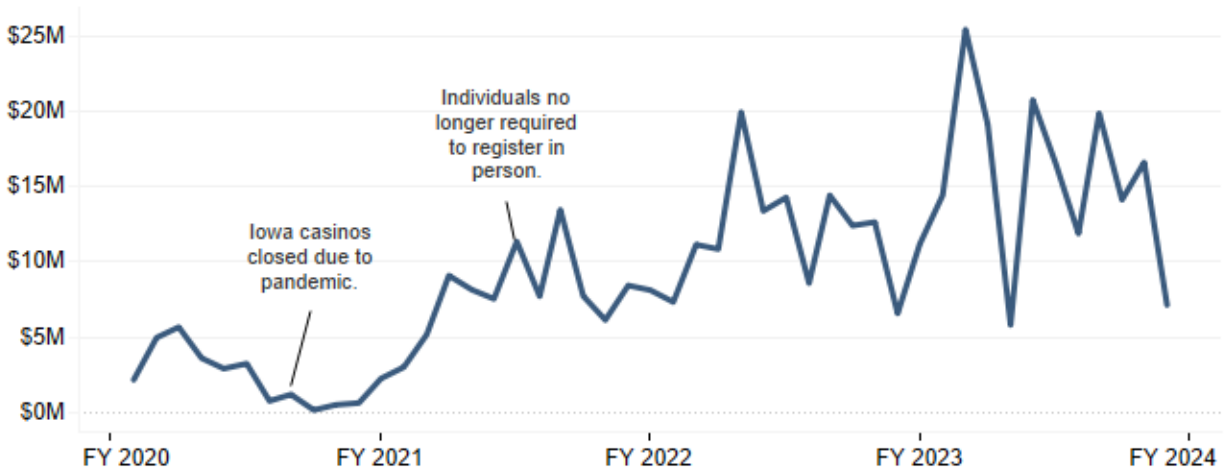
It is difficult to determine average sports wagering net receipt levels across a fiscal year at this time due to the novelty of sports wagering in the State, the impact of the COVID-19 pandemic, and the variability of the market.

While lower than the previous quarter, sports wagering net receipts for the fourth quarter of FY 2023 increased by 19.8% compared to the fourth quarter in FY 2022. All three months in the fourth quarter had increases year over year. May 2023 experienced the highest increase year over year with a 31.4% increase compared to May 2022.

Sports Wagering Net Receipts by Fiscal Quarter
(in millions)

	FY 2021	FY 2022	FY 2023
Q1	\$10.4	\$26.6	\$51.0
Q2	\$24.8	\$44.1	\$45.7
Q3	\$32.5	\$37.3	\$48.3
Q4	\$22.3	\$31.6	\$37.8
Total	\$90.0	\$139.6	\$182.8

Sports Wagering Net Receipts by Month



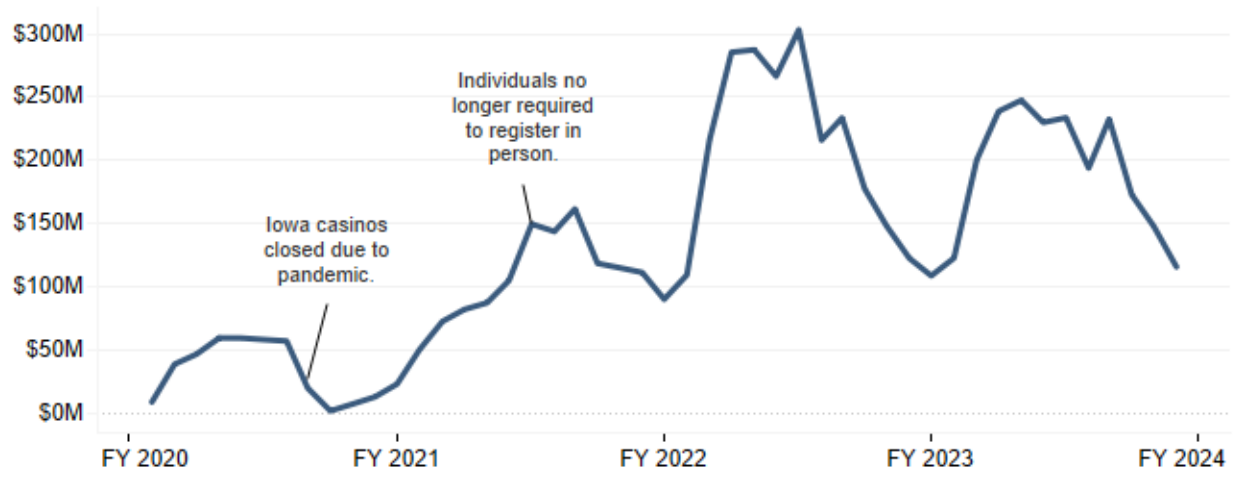
Sports Wagering Handle

However, when comparing total sports wagering handle (the total amount wagered), the fourth quarter of FY 2023 declined 2.6% compared to the same quarter in FY 2022. There was a 2.7% decrease in April, a 0.1% decrease in May, and a 5.6% decrease in June for the sports wagering handle when compared to the same months in 2022.

Sports Wagering Handle
(in millions)

	FY 2021	FY 2022	FY 2023
Q1	\$145.6	\$415.2	\$431.4
Q2	\$273.9	\$839.5	\$716.2
Q3	\$454.6	\$752.8	\$660.1
Q4	\$344.4	\$447.7	\$435.9
Total	\$1,218.5	\$2,455.2	\$2,243.6

Sports Wagering Handle by Month



LSA Staff Contact: Maria Wagenhofer (515.281.5270) maria.wagenhofer@legis.iowa.gov

Doc ID 1377004