

liability partnership, or limited liability company and its stockholders, ~~or partners, or members~~ for the purpose of transferring real property in an incorporation or corporate dissolution or the organization or dissolution of a partnership, ~~or limited partnership, limited liability partnership, or limited liability company~~ under the laws of this state, where the deeds are given for no actual consideration other than for shares or for debt securities of the corporation, partnership, ~~or limited partnership, limited liability partnership, or limited liability company~~. For purposes of this subsection, a family corporation, partnership, ~~or limited partnership, limited liability partnership, or limited liability company~~ is a corporation, partnership, ~~or limited partnership, limited liability partnership, or limited liability company~~ where the majority of the voting stock of the corporation, or of the ownership shares of the partnership, ~~or limited partnership, limited liability partnership, or limited liability company~~ is held by and the majority of the stockholders, ~~or partners, or members~~ are persons related to each other as spouse, parent, grandparent, lineal ascendants of grandparents or their spouses and other lineal descendants of the grandparents or their spouses, or persons acting in a fiduciary capacity for persons so related and where all of its stockholders, ~~or partners, or members~~ are natural persons or persons acting in a fiduciary capacity for the benefit of natural persons.

Sec. 2. NEW SECTION. 654.12B PRIORITY OF PURCHASE MONEY MORTGAGE LIEN.

The lien created by a purchase money mortgage shall have priority over and is senior to preexisting judgments against the purchaser and any other right, title, interest, or lien arising either directly or indirectly by, through, or under the purchaser. A mortgage is a purchase money mortgage if it is either of the following:

1. Taken or retained by the seller of the real estate to secure all or part of its price.
2. Taken by a lender who, by making an advance or incurring an obligation, provides funds to enable the purchaser to acquire rights in the real estate, including all costs in connection with the purchase, if the funds are in fact so used. The mortgage shall contain a recital that it is a purchase money mortgage in order to provide notice to third parties of its priority. If there is more than one purchase money mortgage, a prior recorded mortgage has priority unless "the prior recorded mortgage" or "a mortgage recorded earlier" provides otherwise.

Approved May 16, 1995

CHAPTER 176

GAMBLING

H.F. 571

AN ACT relating to the frequency of referendums held on excursion gambling boat proposals or gambling games proposals for licensed pari-mutuel racetracks and the qualifications of a qualifying organization which are necessary to conduct pari-mutuel wagering at racetracks or gambling games on excursion gambling boats and providing effective and applicability dates.

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

Section 1. Section 99D.8, unnumbered paragraphs 1 and 2, Code 1995, are amended to read as follows:

A qualifying organization, as defined in section 513(d)(2)(C) of the Internal Revenue Code, as defined in section 422.3, exempt from federal income taxation under sections

501(c)(3), 501(c)(4), or 501(c)(5) of the Internal Revenue Code or a nonprofit corporation organized under the laws of this state, whether or not it is exempt from federal income taxation, which is organized to promote those purposes enumerated in section 99B.7, subsection 3, paragraph "b", and or which regularly conducts, as one of its substantial exempt purposes, an agricultural and educational fair or exposition for the promotion of the horse, dog, or other livestock breeding industries of the state, or an agency, instrumentality, or political subdivision of the state, may apply to the commission for a license to conduct horse or dog racing. The application shall be filed with the administrator of the commission at least sixty days before the first day of the horse race or dog race meeting which the organization proposes to conduct, shall specify the day or days when and the exact location where it proposes to conduct racing, and shall be in a form and contain information as the commission prescribes.

If any part of the net income of a licensee is determined to be unrelated business taxable income as defined in sections 511 through 514 of the Internal Revenue Code, or is otherwise taxable, the ~~qualifying organization licensee~~ shall be required to distribute ~~the such amount of net unrelated business taxable income~~ to political subdivisions in the state and organizations described in section 501(c)(3) of the Internal Revenue Code in the county in which it ~~the licensee~~ operates. ~~Distributions to these organizations made during the year in which the unrelated business income was earned shall be treated as included in the required distributions for this purpose.~~

Sec. 2. Section 99F.1, subsection 14, Code 1995, is amended to read as follows:

14. "Qualified sponsoring organization" means a nonprofit corporation organized under the laws of this state, whether or not it is exempt from federal income taxation, or a person or association that can show to the satisfaction of the commission that the person or association is eligible for exemption from federal income taxation under section 501(c)(3), 501(c)(4), 501(c)(5), 501(c)(6), 501(c)(7), 501(c)(8), 501(c)(10), or 501(c)(19) of the Internal Revenue Code as defined in section 422.3.

Sec. 3. Section 99F.6, subsection 4, paragraph a, Code 1995, is amended to read as follows:

a. Before a license is granted, the division of criminal investigation of the department of public safety shall conduct a thorough background investigation of the applicant for a license to operate a gambling game operation on an excursion gambling boat. The applicant shall provide information on a form as required by the division of criminal investigation. ~~Before a A~~ qualified sponsoring organization is licensed to operate gambling games under this chapter, ~~the qualified sponsoring organization shall certify that distribute~~ the receipts of all gambling games, less reasonable expenses, charges, taxes, fees, and deductions allowed under this chapter, ~~will be distributed~~ as winnings to players or participants ~~or will be distributed shall distribute the receipts~~ for educational, civic, public, charitable, patriotic, or religious uses as defined in section 99B.7, subsection 3, paragraph "b". However, if a licensee who is also licensed to conduct pari-mutuel wagering at a horse racetrack has unpaid debt from the pari-mutuel racetrack operations, the first receipts of the gambling games operated within the racetrack enclosure less reasonable operating expenses, taxes, and fees allowed under this chapter shall be first used to pay the annual indebtedness. The commission shall authorize, subject to the debt payments for horse racetracks and the provisions of paragraph "b" for dog racetracks, a licensee who is also licensed to conduct pari-mutuel dog or horse racing to use receipts from gambling games within the racetrack enclosure to supplement purses for races particularly for Iowa-bred horses pursuant to an agreement which shall be negotiated between the licensee and representatives of the dog or horse owners. A qualified sponsoring organization shall not make a contribution to a candidate, political committee, candidate's committee, state statutory political committee, county statutory political committee, national political party, or fund-raising event as these terms are defined in section 56.2. The membership of the board of directors of a qualified sponsoring organization shall represent a broad interest of the communities.

Sec. 4. Section 99F.7, subsection 10, paragraph a, Code 1995, is amended to read as follows:

a. A license to conduct gambling games on an excursion gambling boat in a county shall be issued only if the county electorate approves the conduct of the gambling games as provided in this subsection. The board of supervisors, upon receipt of a valid petition meeting the requirements of section 331.306, shall direct the commissioner of elections to submit to the qualified electors of the county a proposition to approve or disapprove the conduct of gambling games on an excursion gambling boat in the county. The proposition shall be submitted at a general election or at a special election called for that purpose. To be submitted at a general election, the petition must be received by the board of supervisors at least five working days before the last day for candidates for county offices to file nomination papers for the general election pursuant to section 44.4. If a majority of the county voters voting on the proposition favor the conduct of gambling games, the commission may issue one or more licenses as provided in this chapter. If a majority of the county voters voting on the proposition do not favor the conduct of gambling games, a license to conduct gambling games in the county shall not be issued. ~~After a referendum has been held, another referendum requested by petition shall not be held for at least two years.~~

Sec. 5. Section 99F.7, subsection 10, Code 1995, is amended by adding the following new paragraph:

NEW PARAGRAPH. d. After a referendum has been held which defeated a proposal to conduct gambling games on excursion gambling boats or which defeated a proposal to conduct gambling games at a licensed pari-mutuel racetrack enclosure as provided in this section, another referendum on a proposal to conduct gambling games on an excursion gambling boat or at a licensed pari-mutuel racetrack shall not be held for at least two years.

Sec. 6. EFFECTIVE AND APPLICABILITY DATES. This Act, being deemed of immediate importance, takes effect upon enactment. Sections 1 through 3 of this Act apply retroactively to January 1, 1995, and sections 4 and 5 apply retroactively to September 1, 1994.

Approved May 16, 1995

CHAPTER 177

SNOWMOBILE AND ALL-TERRAIN VEHICLE OPERATION ON PUBLIC LAND

H.F. 340

AN ACT providing for the operation of snowmobiles and all-terrain vehicles by defining public land.

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

Section 1. Section 321G.1, Code 1995, is amended by adding the following new subsection:

NEW SUBSECTION. 13A. "Public land" means land owned by the federal government, the state, or political subdivisions of the state and land acquired or developed for public recreation pursuant to section 321G.7.

Approved May 16, 1995