

House Study Bill 512 - Introduced

HOUSE FILE _____

BY (PROPOSED COMMITTEE ON
STATE GOVERNMENT BILL BY
CHAIRPERSON KAUFMANN)

A BILL FOR

1 An Act relating to wagering taxes imposed on promotional play
2 receipts.

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

1 Section 1. Section 99F.1, subsections 1, 25, and 30, Code
2 2020, are amended to read as follows:

3 1. "*Adjusted gross receipts*" means the gross receipts less
4 winnings paid to wagerers and less promotional play receipts
5 on gambling games. However, for each fiscal year during the
6 time period beginning July 1, 2020, and ending June 30, 2024,
7 "*adjusted gross receipts*" ~~does not shall~~ include promotional
8 play receipts ~~received after the date in any fiscal year~~
9 ~~that the commission determines that the wagering tax imposed~~
10 ~~pursuant to section 99F.11 on all licensees in that fiscal year~~
11 ~~on promotional play receipts exceeds twenty-five million eight~~
12 ~~hundred twenty thousand dollars on gambling games.~~

13 25. "*Promotional play receipts*" means the total sums wagered
14 ~~on gambling games~~ with tokens, chips, electronic credits, or
15 other forms of cashless wagering provided by the licensee
16 without an exchange of money as described in section 99F.9,
17 subsection 3.

18 30. "*Sports wagering net receipts*" means the gross receipts
19 less winnings paid to wagerers and less promotional play
20 receipts on sports wagering.

21 Sec. 2. Section 99F.11, Code 2020, is amended by adding the
22 following new subsection:

23 NEW SUBSECTION. 2A. a. Notwithstanding any provision
24 of this section to the contrary, the tax rate imposed on a
25 licensee each fiscal year on any amount of promotional pay
26 receipts on gambling games included as adjusted gross receipts
27 shall be determined by multiplying the adjusted percentage
28 by the wagering tax applicable to the licensee pursuant to
29 subsection 2.

30 b. For purposes of this subsection, "*adjusted percentage*"
31 means as follows:

32 (1) For the fiscal year beginning July 1, 2020, and ending
33 June 30, 2021, eighty percent.

34 (2) For the fiscal year beginning July 1, 2021, and ending
35 June 30, 2022, sixty percent.

1 (3) For the fiscal year beginning July 1, 2022, and ending
2 June 30, 2023, forty percent.

3 (4) For the fiscal year beginning July 1, 2023, and ending
4 June 30, 2024, twenty percent.

5 c. This subsection is repealed July 1, 2024.

6 EXPLANATION

7 The inclusion of this explanation does not constitute agreement with
8 the explanation's substance by the members of the general assembly.

9 This bill concerns the taxation of promotional play receipts
10 for purposes of Code chapter 99F governing gambling games and
11 sports wagering.

12 Code section 99F.1, concerning definitions, is amended.
13 The bill amends the definition of adjusted gross receipts on
14 gambling games to provide that adjusted gross receipts includes
15 promotional play receipts through June 30, 2024, and excludes
16 them thereafter. Currently, adjusted gross receipts includes
17 promotional play receipts until the date in any fiscal year
18 that the wagering tax on the portion of adjusted gross receipts
19 representing promotional play receipts exceeds \$25,820,000.
20 The bill also amends the definition of sports wagering net
21 receipts to exclude promotional play receipts on sports
22 wagering.

23 Code section 99F.11, establishing tax rates for gambling
24 games and sports wagering, is amended. The bill establishes
25 a new subsection that provides for a different tax rate to be
26 applied to promotional play receipts as a portion of adjusted
27 gross receipts on gambling games. The bill provides that the
28 applicable tax rate is the rate applied per licensee pursuant
29 to subsection 2 multiplied by an adjusted percentage. The bill
30 provides that the adjusted percentage for FY 2020-2021 is 80
31 percent, for FY 2021-2022, 60 percent, for FY 2022-2023, 40
32 percent, and for FY 2023-2024, 20 percent. This new subsection
33 is repealed July 1, 2024.