

FILED FEB 09 1988

SENATE FILE 2131
BY KINLEY

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

A BILL FOR

1 An Act permitting and regulating teletheaters for pari-mutuel
2 wagering.

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

- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

SF 2131

1 Section 1. Section 99D.2, subsections 1 and 8, Code 1987,
2 are amended to read as follows:

3 1. "Applicant" means an individual applying for an
4 occupational license or the officers and members of the board
5 of directors of a nonprofit corporation applying for a license
6 to conduct a race or operate a teletheater where pari-mutuel
7 wagering would be permitted under this chapter.

8 8. "Racetrack-enclosure" "Enclosure" means the grandstand,
9 clubhouse, turf club or other areas of a licensed racetrack or
10 the grounds and facilities of a licensed teletheater which a
11 person may enter only upon payment of an admission fee or upon
12 presentation of authorized credentials. "Racetrack-enclosure"
13 "Enclosure" also means any additional areas designated by the
14 commission.

15 Sec. 2. Section 99D.2, Code 1987, is amended by adding the
16 following new subsections:

17 NEW SUBSECTION. 9. "Host state" means the state in which
18 a horse race or dog race takes place.

19 NEW SUBSECTION. 10. "Recognized race" means those horse
20 and dog races licensed by the racing authority of the host
21 state.

22 NEW SUBSECTION. 11. "Teletheater" means a facility for
23 the live telecasting of horse or dog races for the purpose of
24 accepting pari-mutuel wagering.

25 Sec. 3. Section 99D.4, Code 1987, is amended to read as
26 follows:

27 99D.4 PARI-MUTUEL WAGERING LEGALIZED.

28 The system of wagering on the results of horse or dog races
29 as provided by this chapter is legal, when conducted within
30 the racetrack enclosure at a licensed horse-race or dog-race
31 meeting or conducted within the enclosure at a licensed
32 teletheater on a recognized race.

33 Sec. 4. Section 99D.5, subsection 5, paragraph b, Code
34 1987, is amended to read as follows:

35 b. Participate directly or indirectly as an owner, owner-

1 trainer, trainer of a horse or dog, or jockey of a horse in a
2 race meeting conducted subject to pari-mutuel wagering in this
3 state.

4 Sec. 5. Section 99D.5, subsection 6, paragraph b, Code
5 1987, is amended to read as follows:

6 b. Enter directly or indirectly into any business dealing,
7 venture, or contract with an owner or lessee of a racetrack or
8 teletheater.

9 Sec. 6. Section 99D.7, unnumbered paragraph 1, Code 1987,
10 is amended to read as follows:

11 The commission shall have full jurisdiction over and shall
12 supervise all race meetings and teletheaters governed by this
13 chapter. The commission shall have the following powers and
14 shall adopt rules pursuant to chapter 17A to implement this
15 chapter:

16 Sec. 7. Section 99D.7, subsections 2, 3, 7, 9, and 14,
17 Code 1987, are amended to read as follows:

18 2. To identify occupations within the racing industry and
19 teletheater business which require licensing and adopt
20 standards for licensing the occupations including establishing
21 fees for the occupational licenses. The fees shall be paid to
22 the commission and used as required in section 99D.17 and
23 section 99D.18.

24 3. To adopt standards under which all race meetings shall
25 be held and teletheaters shall operate and standards for the
26 facilities within which the race meetings shall be held and
27 teletheaters shall operate.

28 7. To enter the office, racetrack, teletheater,
29 facilities, or other places of business of a licensee to
30 determine compliance with this chapter.

31 9. To authorize stewards, starters, and other racing
32 officials to impose fines or other sanctions upon a person
33 violating a provision of this chapter or the commission rules,
34 orders, or final orders, including authorization to expel a
35 tout, bookmaker, or other person deemed to be undesirable from

1 the racetrack or teletheater facilities.

2 14. To require a licensee to file an annual balance sheet
3 and profit and loss statement pertaining to the licensee's
4 racing or teletheater activities in this state, together with
5 a list of the stockholders or other persons having any
6 beneficial interest in the racing or teletheater activities of
7 each licensee.

8 Sec. 8. Section 99D.8, Code 1987, is amended by adding the
9 following new unnumbered paragraph:

10 NEW UNNUMBERED PARAGRAPH. A qualified nonprofit corpora-
11 tion as defined in section 99B.1, subsection 10, organized to
12 promote those purposes enumerated in section 99B.7, subsection
13 3, paragraph "b", may apply to the commission for a license to
14 operate a teletheater. The application shall be filed with
15 the administrator of the commission at least sixty days before
16 the first day on which the nonprofit corporation proposes to
17 conduct pari-mutuel wagering, shall specify the races it
18 proposes to telecast for the purpose of pari-mutuel wagering
19 and the exact location where it proposes to conduct business,
20 and shall be in a form and contain information as the
21 commission prescribes.

22 Sec. 9. Section 99D.8A, subsection 1, unnumbered paragraph
23 1, Code 1987, is amended to read as follows:

24 A person shall not be issued a license to conduct races or
25 operate a teletheater under this chapter or an occupational
26 license unless the person has completed and signed an
27 application on the form prescribed and published by the
28 commission. The application shall state the full name, social
29 security number, residence, date of birth and other personal
30 identifying information of the applicant that the commission
31 deems necessary. The application shall state whether the
32 applicant has any of the following:

33 Sec. 10. Section 99D.8A, subsection 5, Code 1987, is
34 amended to read as follows:

35 5. The licensee or a holder of an occupational license

1 shall consent to agents of the division of criminal
2 investigation of the department of public safety or commission
3 employees designated by the administrator of the commission to
4 the search without a warrant of the licensee or holder's
5 person, personal property and effects, and premises which are
6 located within the racetrack enclosure or adjacent facilities
7 under control of the licensee to inspect or investigate for
8 criminal violations of this chapter or violations of rules
9 adopted by the commission.

10 Sec. 11. Section 99D.9, subsection 1, Code 1987, is
11 amended to read as follows:

12 1. If the commission is satisfied that its rules and
13 sections 99D.8 through 99D.25 applicable to licensees have
14 been or will be complied with, it may issue a license for a
15 period of not more than three years.

16 a. RACING LICENSE. The commission may decide which types
17 of racing it will permit. The commission may permit dog
18 racing, horse racing of various types or both dog and horse
19 racing. The commission shall decide the number, location, and
20 type of all racetracks licensed under this chapter. The
21 license shall set forth the name of the licensee, the type of
22 license granted, the place where the race meeting is to be
23 held, and the time and number of days during which racing may
24 be conducted by the licensee. The commission shall not
25 approve a license application if any part of the racetrack is
26 to be constructed on prime farmland outside the city limits of
27 an incorporated city. As used in this subsection, "prime
28 farmland" means as defined by the United States department of
29 agriculture in 7 C.F.R. sec. 657.5(a).

30 b. TELETHEATER LICENSE. The commission shall decide the
31 number and location of all teletheaters licensed under this
32 chapter. It is the responsibility of individual licensees to
33 obtain the consent of appropriate racing officials in host
34 states as required by the federal Interstate Horseracing Act
35 of 1978, 15 U.S.C. § 3001-3007 (Supp. II 1978), to televise

1 the results of recognized races for the purpose of conducting
2 pari-mutuel wagering. A teletheater licensee may also obtain
3 the permission of a person licensed by the commission to
4 conduct horse or dog races in this state to televise the
5 results of races conducted by that person for the purpose of
6 conducting pari-mutuel racing. However, arrangements made by
7 a teletheater licensee to televise any race for the purpose of
8 conducting pari-mutuel wagering are subject to the approval of
9 the commission, and the commission may limit a teletheater
10 licensee in terms of the number of races which may be
11 televised, the location from which races may originate, and
12 the number of days that the licensee may televise races for
13 the purpose of conducting pari-mutuel racing.

14 PARAGRAPH DIVIDED. A license is not transferable or
15 assignable. The commission may revoke any license issued for
16 good cause upon reasonable notice and hearing. The commission
17 shall conduct a neighborhood impact study to determine the
18 impact of granting a license on the quality of life in
19 neighborhoods adjacent to the proposed racetrack or
20 teletheater facility. The applicant for the license shall
21 reimburse the commission for the costs incurred in making the
22 study. A copy of the study shall be retained on file with the
23 commission and shall be a public record. The study shall be
24 completed before the commission may issue a license for the
25 proposed facility.

26 Sec. 12. Section 99D.10, Code 1987, is amended to read as
27 follows:

28 99D.10 BOND OF LICENSEE.

29 A licensee licensed under section 99D.9 shall post a bond
30 to the state of Iowa before the license is issued in a sum as
31 the commission shall fix, with sureties to be approved by the
32 commission. The bond shall be used to guarantee that the
33 licensee faithfully makes the payments, keeps its books and
34 records and makes reports, and conducts-its-racing operates
35 its facility in conformity with sections 99D.6 through 99D.23

1 and the rules adopted by the commission. The bond shall not
2 be canceled by a surety on less than thirty days notice in
3 writing to the commission. If a bond is canceled and the
4 licensee fails to file a new bond with the commission in the
5 required amount on or before the effective date of
6 cancellation, the licensee's license shall be revoked. The
7 total and aggregate liability of the surety on the bond is
8 limited to the amount specified in the bond.

9 Sec. 13. Section 99D.11, subsections 3 and 6, Code 1987,
10 are amended to read as follows:

11 3. The licensee may receive wagers of money only from a
12 person present in a licensed racing or teletheater enclosure
13 on a horse or dog in the race selected by the person making
14 the wager to finish first in the race. The person wagering
15 shall acquire an interest in the total money wagered on all
16 horses or dogs in the race as first winners in proportion to
17 the amount of money wagered by the person.

18 6. All wagering shall be conducted within the racetrack
19 enclosure where the licensed race is held or conducted within
20 a teletheater enclosure on a recognized race which the
21 teletheater licensee has permission to televise.

22 Sec. 14. Section 99D.12, Code 1987, is amended to read as
23 follows:

24 99D.12 BREAKAGE.

25 A racing licensee shall deduct the breakage from the pari-
26 mutuel pool which shall be distributed to the breeders of
27 Iowa-foaled horses and Iowa-whelped dogs in the manner
28 described in section 99D.22. The remainder of the breakage
29 shall be distributed as follows:

30 1. In horse races the breakage shall be retained by the
31 racing licensee to supplement purses for races won by Iowa-
32 foaled horses as provided in section 99D.22.

33 2. In dog races the breakage shall be distributed as
34 follows:

35 . Seventy-five percent shall be retained by the racing

1 licensee to supplement purses for races won by Iowa-whelped
2 dogs as provided in section 99D.22.

3 b. Twenty-five percent shall be retained by the racing
4 licensee and shall be put into a stake race for Iowa-whelped
5 dogs. All dogs racing in the stake race must have run in at
6 least twelve races during the current racing season at the
7 track sponsoring the stake race to qualify to participate.

8 3. In races which are televised at teletheaters for the
9 purpose of pari-mutuel wagering, the teletheater licensee
10 shall deduct the breakage from the pari-mutuel pool, and shall
11 deposit the breakage with the commission according to rules
12 adopted by the commission to be distributed as provided by
13 this section and section 99D.22.

14 Sec. 15. Section 99D.13, subsection 1, Code 1987, is
15 amended to read as follows:

16 1. Winnings provided in section 99D.11 not claimed by the
17 person who placed the wager within sixty days of the close-of
18 the-racing-meet-during date of the race on which the wager was
19 placed shall be forfeited.

20 Sec. 16. Section 99D.14, subsection 2, paragraph c, Code
21 1987, is amended to read as follows:

22 c. However, the licensee may issue tax-free passes to
23 actual and necessary officials and employees of the licensee
24 or other persons actually working at the racetrack or
25 teletheater.

26 Sec. 17. Section 99D.14, subsection 3, Code 1987, is
27 amended to read as follows:

28 3. The licensee shall also pay to the commission a
29 licensee fee of two hundred dollars for each racing day of
30 each horse-race or dog-race meeting for which a the license
31 has been issued or for each day a teletheater televises races
32 and accepts pari-mutuel wagering.

33 Sec. 18. Section 99D.15, subsection 1, Code 1987, is
34 amended to read as follows:

35 1. A tax of six percent is imposed on the gross sum

1 wagered by the pari-mutuel method at each race meeting or
2 teletheater. The tax imposed by this section shall be paid by
3 the licensee to the treasurer of state within ten days after
4 the close of each race meeting or, for a teletheater, as
5 required by rules of the commission and shall be distributed
6 as follows:

7 a. If the racetrack or teletheater is located in a city,
8 five percent of the gross sum wagered shall be deposited in
9 the general fund of the state. One-half of one percent of the
10 gross sum wagered shall be remitted to the treasurer of the
11 city in which the racetrack or teletheater is located and
12 shall be deposited in the general fund of the city. The
13 remaining one-half of one percent of the gross sum wagered
14 shall be remitted to the treasurer of the county in which the
15 racetrack or teletheater is located and shall be deposited in
16 the general fund of the county.

17 b. If the racetrack or teletheater is located in an
18 unincorporated part of a county, five and one-half percent of
19 the gross sum wagered shall be deposited in the general fund
20 of the state. The remaining one-half of one percent of the
21 gross sum wagered shall be remitted to the treasurer of the
22 county in which the racetrack or teletheater is located and
23 shall be deposited in the general fund of the county.

24 Sec. 19. Section 99D.19, subsection 1, Code 1987, is
25 amended to read as follows:

26 1. The total number of admissions to races conducted or
27 televised by it on each racing day, including the number of
28 admissions upon free passes or complimentary tickets.

29 Sec. 20. Section 99D.19, unnumbered paragraph 2, Code
30 1987, is amended to read as follows:

31 The licensee shall furnish to the commission reports and
32 information as the commission may require with respect to its
33 activities. The commission may designate a representative to
34 attend a licensed race meeting or teletheater, who shall have
35 full access to all places within the enclosure of the meeting

1 or teletheater and who shall supervise and check the
2 admissions. The compensation of the representative shall be
3 fixed by the commission but shall be paid by the licensee.

4 Sec. 21. Section 99D.20, Code 1987, is amended to read as
5 follows:

6 99D.20 AUDIT OF LICENSEE OPERATIONS.

7 Within ninety days after the end of each race meet, the
8 racing licensee shall transmit to the commission an audit of
9 the financial transactions and condition of the licensee's
10 operations conducted under this chapter. Additionally, within
11 ninety days after the end of the a licensee's fiscal year, the
12 licensee shall transmit to the commission an audit of the
13 financial transactions and condition of the licensee's total
14 operations. All audits shall be conducted by certified public
15 accountants registered in the state of Iowa under chapter 116.

16 Sec. 22. Section 99D.22, subsection 1, Code 1987, is
17 amended to read as follows:

18 1. A racing licensee shall hold at least one race on each
19 racing day limited to Iowa-foaled horses or Iowa-whelped dogs
20 as defined by the department of agriculture and land
21 stewardship using standards consistent with this section.
22 However, if sufficient competition cannot be had among that
23 class of horses or dogs on any day, another race for the day
24 may be substituted. A sum equal to twelve percent of the
25 purse won by an Iowa-foaled horse or Iowa-whelped dog shall be
26 used to promote the horse and dog breeding industries. The
27 twelve percent shall be withheld by the licensee from the
28 breakage and shall be paid at the end of the race meeting to
29 the state department of agriculture and land stewardship which
30 in turn shall deposit it in a special fund to be known as the
31 Iowa horse and dog breeders fund and pay it by December 31 of
32 each calendar year to the breeder of the winning Iowa-foaled
33 horse or Iowa-whelped dog. For the purposes of this section,
34 the breeder of a thoroughbred horse shall be considered to be
35 the owner of the brood mare at the time the foal is dropped.

1 Sec. 23. Section 99D.24, subsection 1, paragraphs a and b,
2 Code 1987, are amended to read as follows:

3 a. Holding or conducting a race or race meeting or
4 operating a teletheater where the pari-mutuel system of
5 wagering is used or to be used without a license issued by the
6 commission.

7 b. Holding or conducting a race or race meeting or
8 operating a teletheater where wagering is permitted other than
9 in the manner specified by section 99D.11.

10 Sec. 24. Section 99D.24, subsection 4, unnumbered
11 paragraph 1, Code 1987, is amended to read as follows:

12 A person commits a class "D" felony and, in addition, shall
13 be barred for life from racetracks or teletheaters under the
14 jurisdiction of the commission, if the person does any of the
15 following:

16 EXPLANATION

17 This bill provides for and regulates teletheaters, which
18 are facilities which televise horse or dog races for the
19 purpose of conducting pari-mutuel racing. Teletheaters will
20 be licensed, regulated, and taxed in the same manner as horse
21 and dog races. It will be up to the teletheater licensees to
22 arrange with the appropriate racing officials in this and
23 other states for the televising of races. The racing commis-
24 sion has the power to limit teletheater licenses in number,
25 location, days of operation, and the point of origin of races
26 televised.

27
28
29
30
31
32
33
34
35