**REPEAL TAX ON CASINO PROMOTIONAL PLAY**

Currently Iowa’s casinos pay taxes on promotional wagering credits provided to customers through rewards programs. No other business is taxed on such promotional reward offers sent to their customers. Buy one, get one free…no tax on the free item. $20 off your purchase…no tax on the $20 coupon. But when a casino provides a customer $20 in promotional credits it must then pay the state wagering tax on that $20 even though the money came from already-taxed marketing dollars – and the customer did not wager their own funds. Promotional credits are not cashable and have no value outside of promotional play.

Patrons have been slow to return from the historic and unprecedented order to close the casinos for 11 weeks between March to May 2020 to help contain the coronavirus community spread. Casino admissions for July through December since reopening were down around 30% compared to those same months pre-Covid. This would be an appropriate time to stop taxing this already taxed promotional spend and allow casinos the full benefit of such marketing programs as a way to build back its customer base.

In recent years, the Iowa legislature has capped the promotional play tax on the casinos at $25.82 million, the gaming industry doesn’t reach the cap until the final weeks of the fiscal year, therefore realizing little, if any true benefit.

Iowa’s commercial casinos must compete with the 4 in-state tribal casinos plus other tribal casinos in neighboring states of Minnesota, Wisconsin, South Dakota and Nebraska. Plus, there is anticipated to be several new casinos at horse tracks that voters approved for Nebraska. Iowa casinos are at a competitive disadvantage to tribal casinos who do not pay a wagering tax on any promotional play credits offered to their patrons. In fact, they pay no gaming tax period.

Also, when Illinois casinos reopened the first time mid-2020, they no longer paid any wagering tax on promotional play after their legislature passed a new law in 2019 that essentially eliminates it.

**Solution:**  Iowa’s casino industry is comprised of 19 very reputable and viable Iowa businesses providing a significant economic ripple impact to the state; and ought to be treated fairly in how we use our marketing dollars.

We hope to quickly regain our footing from this virus shutdown to become a strong, stable source of gaming revenue going forward. It will be imperative to remove the competitive disadvantage on Iowa operators by repealing this tax in a 3-year phase out starting July 1, 2021. Without relief from the burden of this unfair wagering tax on promotional play, tribal and neighboring state casinos will aggressively continue siphoning away Iowa commercial casino revenue and growth at this critical crossroads to recovery.