

**CHAPTER 110****STATE SALES TAX REBATE FOR AUTOMOBILE RACETRACK FACILITY***H.F. 840*

**AN ACT** authorizing the rebate of state sales tax to the owner or operator of a sanctioned automobile racetrack facility.

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

Section 1. FINDINGS. The general assembly finds that a nationally sanctioned automobile racetrack facility in Iowa would result in a substantial economic benefit to the state and would offer thousands of spectators the opportunity to experience and discover Iowa.

The general assembly further finds that the development of the racetrack facility and surrounding entertainment complex including a museum would enhance the economic development of the area through an increase in tourism.

The general assembly further finds that the rebate of state sales tax collected at the racetrack facility and entertainment complex to assist in the development of such facility and complex would further tourism and is a public purpose for which state funds may be used.

The general assembly further finds that the rebate of state sales tax to the racetrack facility should be viewed as a pilot project and considered a potential program to be used as a means to increase tourism into the state.

Sec. 2. Section 423.4, Code 2005, is amended by adding the following new subsection:

NEW SUBSECTION. 4. a. For purposes of this subsection:

(1) "Automobile racetrack facility" means a sanctioned automobile racetrack facility located as part of a racetrack and entertainment complex, including any museum attached to or included in the racetrack facility but excluding any restaurant, and which facility is located, on a maximum of two hundred thirty-two acres, in a city with a population of at least fourteen thousand five hundred but not more than sixteen thousand five hundred residents, which city is located in a county with a population of at least thirty-five thousand but not more than forty thousand residents and where the construction on the racetrack facility commenced not later than one year following the enactment of this Act and the cost of the construction upon completion was at least thirty-five million dollars.

(2) "Change of control" means any of the following:

(a) Any change in the ownership of the original or any subsequent legal entity that is the owner or operator of the automobile racetrack facility such that at least sixty percent of the equity interests in the legal entity cease to be owned by individuals who are residents of Iowa, an Iowa corporation, or combination of both.

(b) The original owners of the legal entity that is the owner or operator of the automobile racetrack facility shall collectively cease to own more than fifty percent of the voting equity interests of such legal entity or shall otherwise cease to have effective control of such legal entity.

(3) "Iowa corporation" means a corporation incorporated under the laws of Iowa where at least sixty percent of the corporation's equity interests are owned by individuals who are residents of Iowa.

(4) "Owner or operator" means a for-profit legal entity where at least sixty percent of its equity interests are owned by individuals who are residents of Iowa, an Iowa corporation, or combination of both and that is the owner or operator of an automobile racetrack facility and is primarily a promoter of motor vehicle races.

(5) "Population" means the population based upon the 2000 certified federal census.

b. The owner or operator of an automobile racetrack facility may apply to the department for a rebate of sales tax imposed and collected by retailers upon sales of any goods, wares, merchandise, or services furnished to purchasers at the automobile racetrack facility.

c. The rebate may be obtained only in the following amounts and manner and only under the following conditions:

(1) On forms furnished by the department within the time period provided by the department by rule, which time period shall not be longer than quarterly.

(2) The owner or operator shall provide information as deemed necessary by the department.

(3) The transactions for which sales tax was collected and the rebate is sought occurred on or after January 1, 2006, but before January 1, 2016. However, not more than twelve million five hundred thousand dollars in total rebates shall be provided pursuant to this subsection.

(4) Notwithstanding subparagraph (3), the rebate of sales tax shall cease for transactions occurring on or after the date of the sale or other transfer, whether voluntarily or involuntarily, of the automobile racetrack facility to a party other than the original owner of the facility or upon a change of control of such facility.

(5) The automobile racetrack facility has not received or shall not receive any grants under the community attraction and tourism program pursuant to chapter 15F, subchapter II, or the vision Iowa program pursuant to chapter 15F, subchapter III.

d. To assist the department in determining the amount of the rebate, the owner or operator shall identify to the department retailers located at the automobile racetrack facility who will be collecting sales tax. The department shall verify such identity and ensure that all proper permits have been issued. For purposes of this subsection, advance ticket and admissions sales shall be considered occurring at the automobile racetrack facility regardless of where the transactions actually occur.

e. Upon determining that the conditions and requirements of this subsection and the department are met, the department shall issue a warrant to the owner or operator in the amount equal to the amount claimed and verified by the department.

f. Only the state sales tax is subject to rebate. Any local option taxes paid and collected shall not be subject to rebate under this subsection.

g. This subsection is repealed June 30, 2016, or thirty days following the date on which twelve million five hundred thousand dollars in total rebates have been provided, or thirty days following the date on which rebates cease as provided in paragraph "c", subparagraph (4), whichever is the earliest.

Sec. 3. PILOT PROJECT — EVALUATION. The sales tax rebate provided in this Act for the owner or operator of an automobile racetrack facility is viewed as a pilot project to gauge the feasibility of using such an approach to assist large capital projects that have the potential to increase tourism into the state.

The department of economic development and the department of revenue shall review and evaluate the pilot project established in this Act and determine the benefits to the state. A report from each department shall be filed with the general assembly no later than January 15, 2008, and shall contain its evaluation and recommendations, especially with regard to the creation of a sales tax rebate program as part of the state's economic development tools. However, the departments may file a joint report if this would prove more beneficial to the general assembly and the evaluation of the pilot project.

Approved May 4, 2005