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**FISCAL YEAR 2017 IMPACT OF PROMOTIONAL PLAY LEGISLATION (HF 2445)**

On July 10, 2017, the Iowa Racing and Gaming Commission (IRGC) released data regarding the total amount of promotional play revenue collected in FY 2017 in excess of the taxation limit established in [House File 2445](#) (FY 2016 Casino Promotional Play Act).

**Background.** [House File 2445](#), enacted on April 21, 2016, established a limit on the State wagering tax collected on adjusted gross receipts (AGR) for redeemed promotional play credits at Iowa casinos by amending the method of calculating the wagering tax on gambling receipts. According to the Act, “adjusted gross receipts” are defined as gross receipts less winnings paid to wagerers, not including promotional play receipts received after the date in any fiscal year that the IRGC determines that the wagering tax on promotional play receipts exceeds \$25.8 million. “Promotional play receipts” are defined as the total amounts wagered on gambling games with tokens, chips, electronic credits, or other forms of cashless wagering provided by a licensee without an exchange of money. Upon reaching promotional play tax receipts of \$25.8 million, casinos do not have to account for any additional promotional play in the calculation of AGR. Promotional play revenue earned beyond this threshold is not subject to casino revenue taxation.

**Fiscal Year 2017.** For FY 2017, the IRGC reported that an aggregate amount of \$6.6 million of promotional play revenue was collected after the taxation cap of \$25.8 million had been reached. This amounted to approximately \$1.5 million in tax revenue that was not collected, pursuant to [HF 2445](#).

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