
FISCAL UPDATE Article

Fiscal Services Division

July 16, 2018



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IOWA RACING AND GAMING COMMISSION MEETING — JULY 12, 2018

Meeting. The Iowa Racing and Gaming Commission (IRGC) met on July 12, 2018, at Prairie Meadows Casino and Hotel. The Board took the following action:

Administrative Rules. Brian Ohorilko, administrator of the Racing and Gaming Commission, presented several administrative rule changes for which the Commission has filed a Notice of Intended Action. The rulemakings primarily implement changes brought about by [House File 2349](#) (Excluded Gamblers, Racing and Gaming Commission Regulation Act) and [House File 2439](#) (Horses Native to State and Unclaimed Winnings Act). Both pieces of legislation were passed during the 2018 Legislative Session.

Audit Results. The Commission also heard reviews of annual financial audits of various Iowa horsemen's associations, including the Iowa Horsemen's Benevolent and Protective Association Trust (IHBPA), Iowa Quarter Horse Racing Enterprises, and the Iowa Harness Racing Association. All three entities reported positive audit results. Jon Moss, Executive Director of the IHBPA, referred to the Association's relationship with the Iowa Greyhound Association, stating that the relationship continues to be mutually beneficial.

Contract Approval. The Commission also approved multiple vendor contracts submitted by the Dubuque Racing Association; Wild Rose Emmetsburg, L.L.C.; Isle of Capri Bettendorf, L.L.C.; Riverside Casino and Golf Resort, L.L.C.; and Sioux City Entertainment Partners, L.L.C. These contracts include advertising, cleaning and repair services, and beverage and dining contracts, as well as entertainment booking and agent expenses.

Hearing: Catfish Bend Casinos II, L.L.C. The Commission also unanimously approved a fine of \$20,000 for Catfish Bend Casinos II, L.L.C., of Burlington for an error in gambling tax reporting and the use of credit cards in purchasing gaming credits. During the period from June 2017 to March 2018, Catfish Bend collected a total of approximately \$840,000 in cash, which translated into approximately \$1.7 million in promotional play. Pursuant to Iowa Code section [99F.11\(1\)](#) and [\(2\)](#), adjusted gross receipts collected from taxing gaming revenue do not include promotional play receipts received after the date in any fiscal year that the Commission determines that the wagering tax on promotional play imposed on all licensees in that fiscal year exceeds \$25.8 million. In February 2018, it was discovered that Catfish Bend included nonqualifying free play promotion dollars in the calculation for promotional play receipts, which caused the threshold of \$25.8 million to be reached sooner, leading to an underpayment of approximately \$250,000 in gaming tax revenue for fiscal year 2017. Additionally, it was discovered that there were three separate instances in 2017 in which free play promotion dollars were purchased via credit card, and that the casino had allowed this practice to occur since 2007. Iowa Code section [99F.9\(6\)](#) explicitly prohibits the use of credit cards in purchasing free play promotion dollars. At the July 12 meeting, Catfish Bend acknowledged these alleged violations and agreed to pay the \$20,000 fine imposed by the Commission.

Next Meeting. The next meeting of the Board is scheduled for August 23, 2018, at Riverside Casino & Golf Resort in Riverside. Additional information is available upon request.

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