

**Fiscal Services Division**  
**Legislative Services Agency**  
**Fiscal Note**

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SF 2330 - Touch Play Machines (LSB 5993 SV.1)

Analyst: Douglas Wulf (Phone: [515] 281-3250) ([douglas.wulf@legis.state.ia.us](mailto:douglas.wulf@legis.state.ia.us))

Fiscal Note Version – As Amended and Passed by the Senate

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**Description**

Senate File 2330, as Amended and Passed by the Senate, prohibits the Iowa Lottery from authorizing the use of monitor vending machines. The Bill provides that any retailer that has acquired a monitor vending machine prior to the effective date of this Bill may only continue to offer the use of the machine for 45 days after enactment. The Bill also provides that if any machines are still in operation after 45 days after the effective date, the Department of Revenue is to administer and collect a monitor vending machine excise tax of 65.0% on the net monitor vending machine revenue receipts. The Bill takes effect upon enactment.

**Background**

As of March 1, 2006, there were approximately 6,000 monitor vending machines called Touch Play Machines, in use in retail establishments in Iowa. Among the most prevalent establishments using these machines are bars, restaurants, fraternal organizations with liquor licenses, truck stops, convenience stores, grocery stores, and bowling alleys. The Iowa Lottery's contracts with the manufacturers of the Touch Play Machines specify that the Lottery will receive 24.0% of the net receipts in FY 2006, 27.0% in FY 2007, 30.0% in FY 2008, and 34.0% in FY 2009.

**Assumptions**

The Lottery has revised its estimates and now anticipates the machines would generate \$40.0 million in new revenues for FY 2006, \$60.0 million in FY 2007, and \$77.8 million in FY 2009.

**Fiscal Impact**

Estimated generated revenue in FY 2006 will be \$30.0 to \$40.0 million while forgone revenue to the State General Fund from the prohibition of Touch Play Machines is estimated to be up to \$10.0 million in FY 2006 depending on when the Bill becomes effective, \$60.0 million in FY 2007, and \$77.8 million by FY 2009.

**Source**

Iowa Lottery

/s/ Holly M. Lyons

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March 14, 2006

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The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

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