
FISCAL TOPICS

Fiscal Services Division

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FY 2021 State Gaming Revenues

Background. State gaming revenues include State wagering taxes as well as various license and regulatory fees that are remitted to the State. This report does not include wagering taxes that are paid directly to cities and counties. This report also excludes sports wagering taxes or license fee revenue.

Revenue collections from Iowa's 19 casinos totaled \$346.9 million in FY 2021, which is the highest year on record. This is an increase of \$87.6 million (33.8%) compared to revenue collections in FY 2020. This year-over-year increase is partly attributable to FY 2020 revenues being impacted by the closure of gaming facilities from March 17, 2020, through June 1, 2020, as part of the [State of Iowa Public Health Disaster Emergency](#) proclamations issued in response to the COVID-19 pandemic. However, when compared to FY 2019, revenues in FY 2021 still increased by \$23.4 million (7.2%).

Wagering Taxes. State wagering taxes are imposed on casino table games and slot machines and make up the vast majority of revenue remitted to the State from casinos. The overall State wagering taxes increased by \$87.1 million (36.3%) in FY 2021 compared to the previous year.

Other Revenue. All other revenues remitted to the State by the gaming industry experienced a net increase of \$0.6 million (2.9%).

Table 1 — State Revenue from Iowa Casinos

(in millions)

	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>Change</u>
Wagering Taxes	\$ 299.8	\$ 303.1	\$ 302.3	\$ 239.7	\$ 326.8	\$ 87.1
Other Revenue						
Enforcement and Regulatory Fees	15.1	17.7	17.2	16.3	16.0	-0.3
Pari-Mutuel Receipts	3.4	3.7	3.6	2.9	3.8	0.8
Initial License Fee	5.0	1.0	0.0	0.0	0.0	0.0
Other	0.3	0.3	0.3	0.3	0.3	0.0
Subtotal Other Receipts	<u>23.8</u>	<u>22.7</u>	<u>21.2</u>	<u>19.5</u>	<u>20.1</u>	<u>0.6</u>
Total	<u>\$ 323.6</u>	<u>\$ 325.7</u>	<u>\$ 323.5</u>	<u>\$ 259.3</u>	<u>\$ 346.9</u>	<u>\$ 87.6</u>

Note: Numbers may not equal totals due to rounding. Revenues do not reflect State revenue earned from sports wagering taxes or licensing fees.

More Information

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Revenue Distribution and Allocation. The majority of the gaming revenues collected by the State are distributed to individual funds in an order specified in Iowa Code section 8.57(5). These revenues include the wagering taxes collected on gambling games and horse and dog racing, as well as certain license fees. Of the total \$346.9 million in revenue collected in FY 2021, \$314.8 million was allocated according to Iowa Code section 8.57(5).

The General Assembly periodically alters this distribution of gaming revenue based on spending priorities as part of the annual budget process. **Table 2** shows the distribution of the \$314.8 million to the various funds and the order in which the funds are distributed according to statute. The remaining \$32.0 million collected in FY 2021 includes fees for enforcement and regulatory costs, the County Endowment Fund, and a tax for funding cultural grants and tourism. An explanation of the individual funds and accounts is provided at the end of this report.

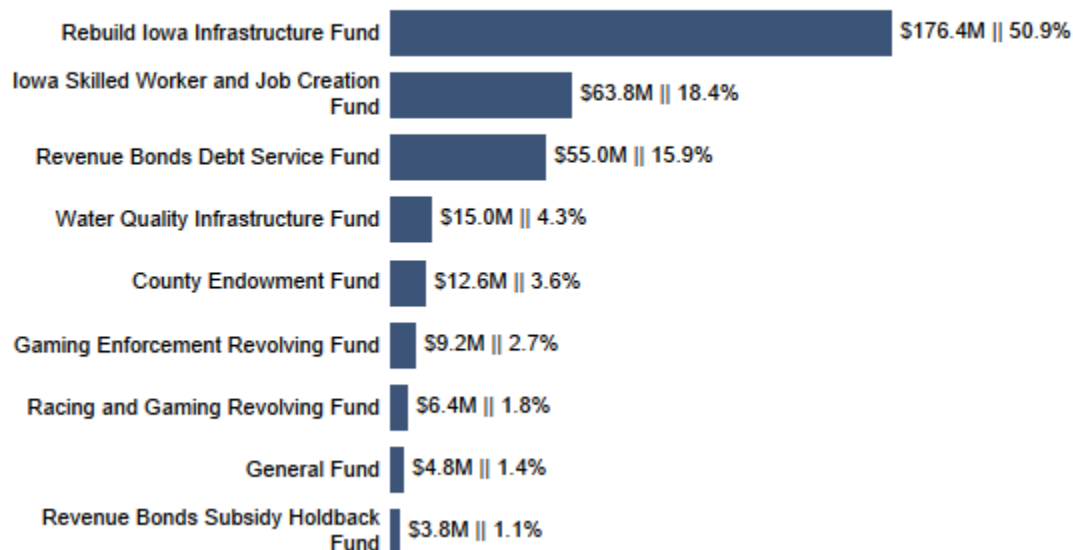
Table 2 — Distribution of State Gaming Revenue

(Dollars in Millions)

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	Change
<u>Distribution of Revenue Per Iowa Code Sec. 8.57(5)</u>						
Revenue Bonds Debt Service Fund	\$ 55.0	\$ 55.0	\$ 55.0	\$ 55.0	\$ 55.0	\$ 0.0
Federal Subsidy Holdback Fund	3.8	3.8	3.8	3.8	3.8	0.0
Vision Iowa Fund	15.0	15.0	15.0	15.0	0.0	-15.0
Water Quality Infrastructure Fund	0.0	0.0	0.0	0.0	15.0	15.0
Iowa Skilled Worker and Job Creation Fund	66.0	66.0	63.8	63.8	63.8	0.0
General Fund	0.0	0.0	2.3	2.3	2.3	0.0
Rebuild Iowa Infrastructure Fund	154.0	153.4	151.6	91.3	175.1	83.8
Subtotal	<u>\$ 293.8</u>	<u>\$ 293.1</u>	<u>\$ 291.4</u>	<u>\$ 231.0</u>	<u>\$ 314.8</u>	<u>\$ 83.8</u>
<u>Other Revenues</u>						
Gaming Regulatory Revolving Fund	6.2	5.9	6.3	6.0	6.4	0.4
Gaming Enforcement Revolving Fund	8.9	11.3	10.5	9.8	9.2	-0.6
County Endowment Fund	11.6	11.7	11.7	9.3	12.6	3.3
General Fund (Cultural Grants, Tourism, and Other Fees)	2.0	2.5	2.5	2.2	2.6	0.4
Rebuild Iowa Infrastructure Fund	1.2	1.2	1.2	0.9	1.3	0.4
Subtotal	<u>\$ 29.8</u>	<u>\$ 32.6</u>	<u>\$ 32.1</u>	<u>\$ 28.2</u>	<u>\$ 32.0</u>	<u>\$ 3.8</u>
Total	<u>\$ 323.6</u>	<u>\$ 325.7</u>	<u>\$ 323.5</u>	<u>\$ 259.3</u>	<u>\$ 346.9</u>	<u>\$ 87.6</u>

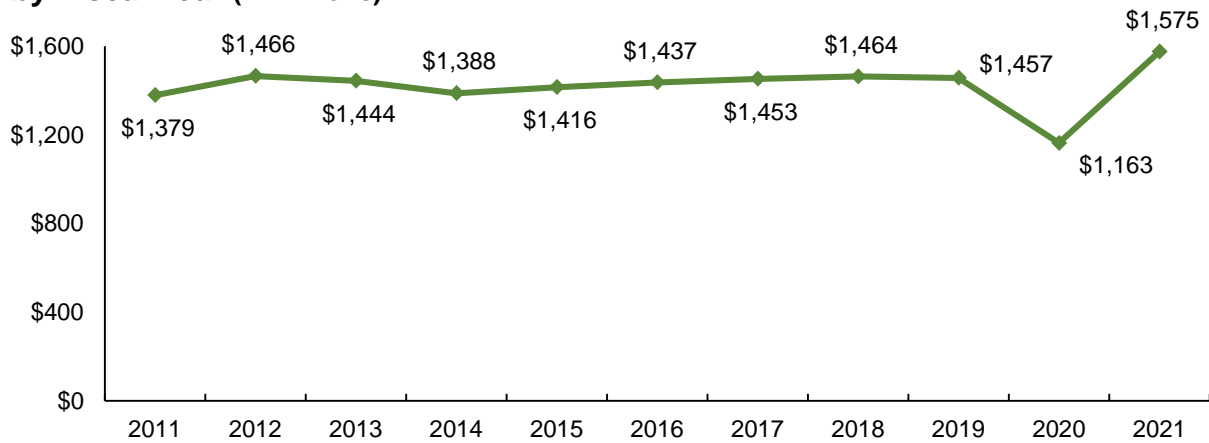
Note: Numbers may not equal totals due to rounding.

Chart 1 — Distribution of FY 2021 Gaming Revenues



Adjusted Gross Receipts (AGR). Adjusted gross receipts consist of the total amount wagered less the winnings paid and represent the amount subject to wagering tax. Overall, AGR increased by \$412.0 million (35.4%) in FY 2021 compared to FY 2020. During the 2021 Legislative Session, [SF 619](#) (Taxation and Other Provisions Act) amended the definition of AGR to include all promotional play receipts on gambling games from the beginning of FY 2022 to the end of FY 2026 with a gradual phaseout of the tax on promotional play receipts during this time. Beginning July 1, 2026, AGR will not include promotional play receipts.

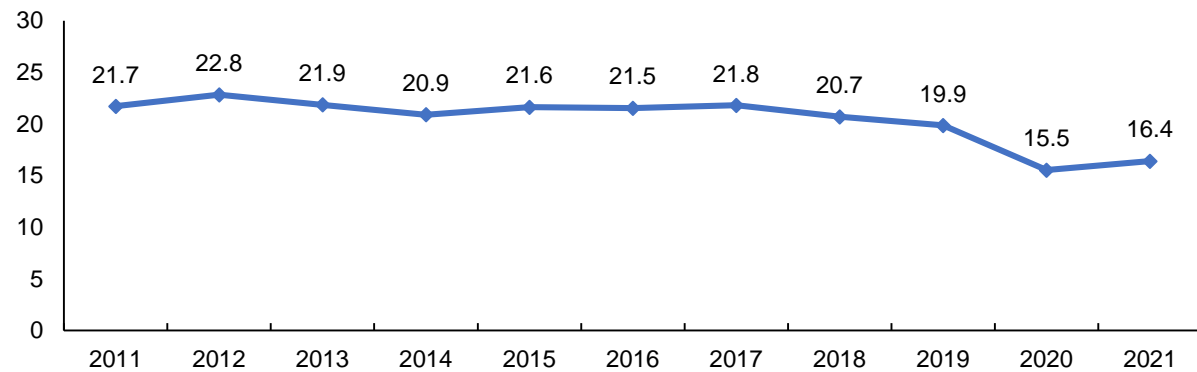
Chart 2 — Iowa Casinos Adjusted Gross Receipts by Fiscal Year (in millions)



Source: Iowa Racing and Gaming Commission

Admissions. Admissions to the gaming facilities for FY 2021 increased by 900,000 admissions (5.6%) compared to FY 2020. Admissions totaled 16.4 million in FY 2021 compared to 15.5 million in FY 2020.

Chart 3 — Iowa Casinos Admissions Fiscal Year (in millions)



Source: Iowa Racing and Gaming Commission
 Note: Differences may not sum due to rounding.

Iowa Code Section 8.57(5) — Distribution of Revenue.

- **Revenue Bonds Debt Service Fund.** \$55.0 million is allocated to pay the debt service on bonds that were issued in July 2009 to fund a variety of infrastructure and environmental projects, as well as the I-JOBS Program.

- **Federal Subsidy Holdback Fund.** \$3.8 million is allocated to a new Revenue Bonds Federal Subsidy Holdback Fund to ensure that the debt service is covered in the event the federal subsidy for the Build America Bonds (part of the 2009 revenue bond issuance) is not received. Once the Treasurer of State receives the federal subsidy, the \$3.8 million is transferred to the Rebuild Iowa Infrastructure Fund (RIIF).
- **Vision Iowa Fund.** \$15.0 million is allocated to pay the debt service on bonds issued for the Vision Iowa Program. The Program is used to assist communities in the development of major tourism facilities by providing grants, loans, forgivable loans, pledges, and guarantees. The last year of this allocation was FY 2020.
- **School Infrastructure Fund.** \$5.0 million was allocated to pay the debt service on bonds issued for the School Infrastructure Program. This Program provided financial assistance to school districts for infrastructure projects. The last year of this allocation was FY 2014 as the School Infrastructure Bonds were defeased in November 2013.
- **Water Quality Infrastructure Fund.** \$15.0 million is allocated to the Water Quality Infrastructure Fund. Moneys in this Fund are appropriated to the Department of Agriculture and Land Stewardship for the purpose of supporting water quality agriculture infrastructure programs. Fiscal year 2021 was the first year for this allocation.
- **Iowa Skilled Worker and Job Creation Fund.** \$63.8 million is allocated to the Skilled Worker and Job Creation Fund. The funds are appropriated annually by the General Assembly to fund a variety of job creation programs.
- **General Fund.** \$2.3 million is allocated to the General Fund. The funds are appropriated annually by the General Assembly to fund State programs.
- **Rebuild Iowa Infrastructure Fund.** The RIIF receives the revenue remaining after the above allocations have been made. The RIIF is used for funding a variety of vertical infrastructure and environment programs and projects.

Other Revenue.

- **Gaming Regulatory Revolving Fund.** The fees that are assessed to the casinos for the State's cost of regulation are deposited in this Fund. Regulation of the gaming industry is provided by the Iowa Racing and Gaming Commission.
- **Gaming Enforcement Revolving Fund.** The fees that are assessed to the casinos for enforcement purposes are deposited in this Fund. Enforcement of Iowa gaming laws is provided by the Division of Criminal Investigation in the Department of Public Safety (DPS).
- **County Endowment Fund.** Iowa Code section [99F.11](#) allocates an amount equal to 0.8% of the AGR to this Fund. The funds are transferred equally to counties that do not have a licensed casino for funding charitable organizations.
- **General Fund — Cultural Grants, Tourism, and Other Fees.** Iowa Code section 99F.11 allocates an amount equal to 0.2% of the AGR for several purposes. Of the amount collected, the first \$520,000 is allocated to the Department of Cultural Affairs for cultural grants and operations. Of the amount remaining, one-half is allocated to the Iowa Economic Development Authority for tourism marketing. The General Fund also receives annual license fees charged to manufacturers and distributors of gambling games and devices, the annual license fees for casinos to operate gambling games, and the portion of the regulatory fee attributable to the indirect costs of the DPS special agents and gaming enforcement officers.
- **RIIF.** Of the amount remaining of the 0.2% of AGR after the \$520,000 allocation to the Department of Cultural Affairs for cultural grants and operations, one-half is allocated to the RIIF.