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## FISCAL TOPICS

Fiscal Services Division

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## State Gaming Revenues — FY 2023

### 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.

Tax and fee revenue collections from Iowa's 19 casinos totaled \$376.5 million in FY 2023, which is the second highest annual total on record. This is a decrease of \$8.8 million (-2.3%) compared to revenue collections in FY 2022, the highest year on record, which indicates sustained levels of increased gaming revenue compared to prepandemic levels. Gaming facilities were closed 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.

### 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. State wagering taxes decreased by \$7.9 million (-2.2%) in FY 2023 compared to the previous year.

### Other Revenue

All other revenues remitted to the State by the gaming industry experienced a net decrease of \$800,000 (-3.8%).

### Figure 1 — State Revenue from Iowa Casinos

(in millions)

|                                 | <u>FY 2019</u>         | <u>FY 2020</u>         | <u>FY 2021</u>         | <u>FY 2022</u>         | <u>FY 2023</u>         | <u>Change</u>          |
|---------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Wagering Taxes                  | \$ 302.3               | \$ 239.7               | \$ 326.8               | \$ 363.5               | \$ 355.6               | - \$ 7.9               |
| Other Revenue                   |                        |                        |                        |                        |                        |                        |
| Enforcement and Regulatory Fees | 17.2                   | 16.3                   | 16.0                   | 17.7                   | 16.7                   | -1.0                   |
| Pari-Mutuel Receipts            | 3.6                    | 2.9                    | 3.8                    | 3.8                    | 4.0                    | 0.2                    |
| Initial License Fee             | 0.0                    | 0.0                    | 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>21.2</u>            | <u>19.5</u>            | <u>20.1</u>            | <u>21.8</u>            | <u>21.0</u>            | <u>-0.8</u>            |
| <b>Total</b>                    | <b><u>\$ 323.5</u></b> | <b><u>\$ 259.3</u></b> | <b><u>\$ 346.9</u></b> | <b><u>\$ 385.3</u></b> | <b><u>\$ 376.5</u></b> | <b><u>- \$ 8.8</u></b> |

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

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### More Information

Iowa Racing and Gaming Commission: [irgc.iowa.gov](http://irgc.iowa.gov)  
LSA Staff Contact: Maria Wagenhofer (515.281.5270) [maria.wagenhofer@legis.iowa.gov](mailto:maria.wagenhofer@legis.iowa.gov)

### 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 racing, as well as certain license fees. Of the total \$376.5 million in revenue collected in FY 2023, \$342.5 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. **Figure 2** shows the distribution of the \$342.5 million to the various funds and the order in which the funds are distributed according to statute. The remaining \$34.0 million collected in FY 2023 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.

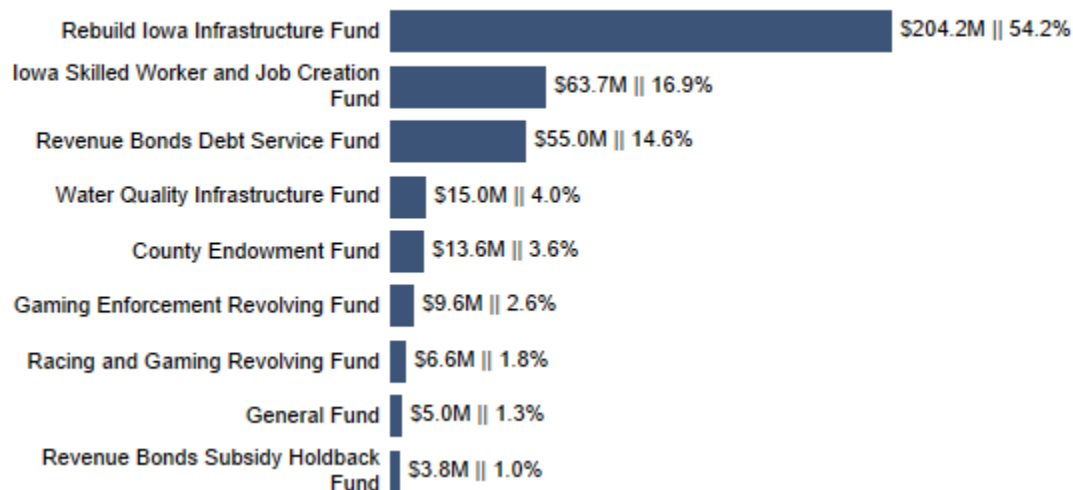
### Figure 2 — Distribution of State Gaming Revenue

(in millions)

|  | FY 2019        | FY 2020        | FY 2021        | FY 2022        | FY 2023        | Change         |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| <b><u>Distribution of Revenue Per Iowa Code Sec. 8.57(5)</u></b> |                |                |                |                |                |                |
| 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           | 0.0            | 0.0            | 0.0            | 0.0            |
| Water Quality Infrastructure Fund                                | 0.0            | 0.0            | 15.0           | 15.0           | 15.0           | 0.0            |
| Iowa Skilled Worker and Job Creation Fund                        | 63.8           | 63.8           | 63.8           | 63.8           | 63.8           | 0.0            |
| General Fund   | 2.3            | 2.3            | 2.3            | 2.3            | 2.3            | 0.0            |
| Rebuild Iowa Infrastructure Fund                                 | 151.6          | 91.3           | 175.1          | 210.1          | 202.8          | -7.4           |
| Subtotal   | <u>\$291.4</u> | <u>\$231.0</u> | <u>\$314.8</u> | <u>\$349.9</u> | <u>\$342.5</u> | <u>-\$ 7.4</u> |
| <b><u>Other Revenues</u></b>                                     |                |                |                |                |                |                |
| Gaming Regulatory Revolving Fund                                 | 6.3            | 6.0            | 6.4            | 6.9            | 6.6            | -0.2           |
| Gaming Enforcement Revolving Fund                                | 10.5           | 9.8            | 9.2            | 10.3           | 9.6            | -0.7           |
| County Endowment Fund  | 11.7           | 9.3            | 12.6           | 13.9           | 13.6           | -0.3           |
| General Fund (Cultural Grants, Tourism, and Other Fees)          | 2.5            | 2.2            | 2.6            | 2.7            | 2.7            | 0.0            |
| Rebuild Iowa Infrastructure Fund                                 | 1.2            | 0.9            | 1.3            | 1.5            | 1.4            | 0.0            |
| Subtotal   | <u>\$ 32.1</u> | <u>\$ 28.2</u> | <u>\$ 32.0</u> | <u>\$ 35.4</u> | <u>\$ 34.0</u> | <u>-\$ 1.4</u> |
| Total  | <u>\$323.5</u> | <u>\$259.3</u> | <u>\$346.9</u> | <u>\$385.3</u> | <u>\$376.5</u> | <u>-\$ 8.8</u> |

Note: Numbers may not equal totals due to rounding.

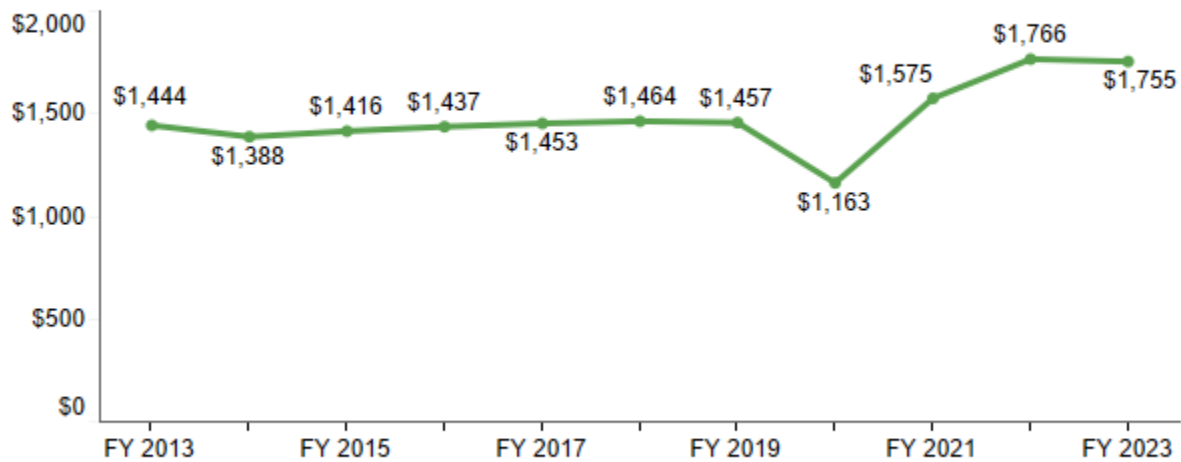
### Figure 3 — Distribution of FY 2023 Gaming Revenues



**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 decreased by \$11.7 million (-0.7%) in FY 2023 compared to FY 2022. 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 exclude promotional play receipts. Iowa Code section [99F.1](#) defines “promotional play receipts” as the total sums wagered on gambling games with tokens, chips, electronic credits, or other forms of cashless wagering provided by the licensee without an exchange of money.

**Figure 4 — Iowa Casinos Adjusted Gross Receipts by Fiscal Year (in millions)**



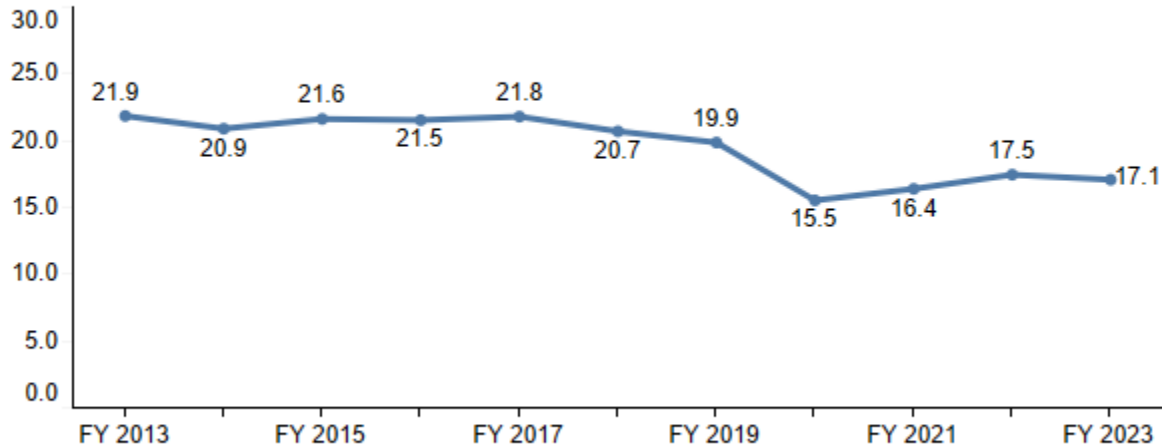
Source: Iowa Racing and Gaming Commission

## Admissions

Admissions to the gaming facilities for FY 2023 decreased by 378,000 (-2.2%) compared to FY 2022. Admissions totaled 17.1 million in FY 2023 compared to 17.5 million in FY 2022.

**Figure 5 — Iowa Casino Admissions**

Fiscal Year (in millions)



Source: Iowa Racing and Gaming Commission

## 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 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 was 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.
- **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 environmental 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.
- **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.
- **Rebuild Iowa Infrastructure Fund.** 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.

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