

## FY 2014 State Gaming Revenues

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.

Revenue collections from Iowa's 18 gaming establishments totaled \$308.6 million for FY 2014, a reduction of \$9.2 million (2.9%) compared to revenue collections in FY 2013. The wagering taxes experienced a decrease of \$8.0 million (2.8%) in FY 2014 compared to the previous year. Other receipts primarily associated with nonwagering activities; such as licensing fees and reimbursements to the State for enforcement and regulatory costs, decreased \$1.2 million (4.4%).

The decrease in wagering tax receipts corresponds with an overall decrease in admissions of 961,000 (4.4%) recorded in FY 2014 as well as a 3.9% (\$56.0 million) decline in total adjusted gross revenues. The decrease in Other Receipts is largely due to reduced billings in FY 2014 of \$2.3 million (19.2%) by the Department of Public Safety for enforcement-related costs. While the overall cost of providing enforcement did not decrease, the Gaming Enforcement Revolving Fund had a balance of \$2.8 million that carried forward from FY 2013 that was used to cover expenses in FY 2014. This enabled the Department to reduce its billings to the industry in FY 2014.

In June 2014, the Racing and Gaming Commission approved a new license for a land-based casino in Greene County. Iowa statute requires a newly licensed operator to pay a one-time license fee in equal installments over a five-year period. The amount of the fee varies based on the size of the county where the casino is located. The license granted to Wild Rose Casino in Greene County will generate a total of \$5.0 million in fees over the next five years. The first installment of \$1.0 million was received in June 2014. The new casino is expected to be operational in July or August of 2015. There were two other casinos that made installment payments to the State in FY 2014, and include:

- Grand Falls Casino in Lyon County: \$1.0 million. This is the last installment of a \$5.0 million license fee.
- Sioux City Entertainment in Woodbury County: \$4.0 million. This is the second installment of a \$20.0 million license fee.

The following table shows the change in State gaming revenues from FY 2013 to FY 2014. While the State Wagering Taxes were down 2.8% in FY 2014, the Revenue Estimating Conference (REC) anticipated a decrease in receipts at its March 2014 meeting by estimating a reduction \$6.0 million (2.1%) compared to FY 2013. The REC estimate is used by the General Assembly and the Governor for budgeting purposes, but does not include enforcement and regulatory fees, taxes collected for the County Endowment Fund, new facility license fees, or the taxes collected for cultural grants, tourism, and tax credits.

### More Information

Iowa General Assembly: <http://www.legis.iowa.gov/index.aspx>

Iowa Racing and Gaming Commission: <http://www.state.ia.us/irgc/>

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## FY 2014 State Gaming Revenues

<b>State Revenue from Iowa Casinos</b>				
(Dollars in Millions)				
	<u>FY 2013</u>	<u>FY 2014</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Wagering Taxes	\$ 290.5	\$ 282.5	\$ -8.0	-2.8%
Other Receipts				
Enforcement and Regulatory Fees				
Public Safety - DCI	12.0	9.7	-2.3	-19.1%
Racing and Gaming Commission	6.1	6.1	0.0	0.6%
Parimutuel Receipts	3.8	3.8	0.0	0.0%
New Facility License Fees	5.0	6.0	1.0	20.0%
Other	0.4	0.4	0.0	0.0%
Subtotal Other Receipts	<u>27.3</u>	<u>26.1</u>	<u>-1.2</u>	<u>-4.6%</u>
Total	<u>\$ 317.8</u>	<u>\$ 308.6</u>	<u>\$ -9.2</u>	<u>-2.9%</u>
Numbers may not equal totals due to rounding.				

A sizable portion of the gaming revenues collected by the State are distributed to individual funds in accordance with Iowa Code section [8.57\(5\)](#), and in a specified order. These revenues include the wagering taxes collected on gambling games and horse and dog racing, as well as certain license fees. Of the total \$308.6 million of revenue collected in FY 2014, \$280.0 million was allocated according to Iowa Code section 8.57(5). The General Assembly and Governor periodically alter this distribution of gaming revenue based on spending priorities as part of the annual budget process. The following table shows the distribution of the \$280.0 million to the various funds and the order that the funds are distributed according to statute. The remaining \$28.5 million collected in FY 2014 includes fees for enforcement and regulatory costs, the County Endowment Fund, and a tax for funding cultural grants, tourism, and the Endow Iowa Tax Credit. An explanation of the individual funds and accounts is provided on the following page.

<b>Distribution of State Gaming Revenue</b>				
(Dollars in Millions)				
	<u>FY 2013</u>	<u>FY 2014</u>	<u>Dollar Change</u>	<u>Percent Change</u>
<b><u>Distribution of Revenue in accordance with 8.57(5)</u></b>				
Revenue Bonds Debt Service Fund	\$ 55.0	\$ 55.0	\$ 0.0	0.0%
Federal Subsidy Holdback Fund	3.8	3.8	0.0	0.0%
General Fund	40.0	0.0	-40.0	-100.0%
Vision Iowa Fund	15.0	15.0	0.0	0.0%
School Infrastructure Fund	5.0	5.0	0.0	0.0%
Iowa Skilled Worker and Job Creation Fund	0.0	66.0	66.0	--
Technology Reinvestment Fund	20.0	0.0	-20.0	-100.0%
Rebuild Iowa Infrastructure Fund	146.9	135.3	-11.6	-7.9%
	<u>285.6</u>	<u>280.0</u>	<u>-5.6</u>	<u>-2.0%</u>
<b><u>Other Revenues</u></b>				
Gaming Regulatory Revolving Fund	12.0	9.7	-2.3	-19.1%
Gaming Enforcement Revolving Fund	6.1	6.1	0.0	0.6%
County Endowment Fund	11.1	10.8	-0.2	-2.2%
Cultural Grants, Tourism, Tax Credits	2.8	1.6	-1.2	-41.9%
General Fund - Other	0.2	0.2	0.0	5.8%
Subtotal	<u>32.2</u>	<u>28.5</u>	<u>-3.6</u>	<u>-11.3%</u>
Total	<u>\$ 317.8</u>	<u>\$ 308.6</u>	<u>\$ -9.2</u>	<u>-2.9%</u>
Numbers may not equal totals due to rounding.				

### Iowa Code Section 8.57(5) – Distribution of Revenue

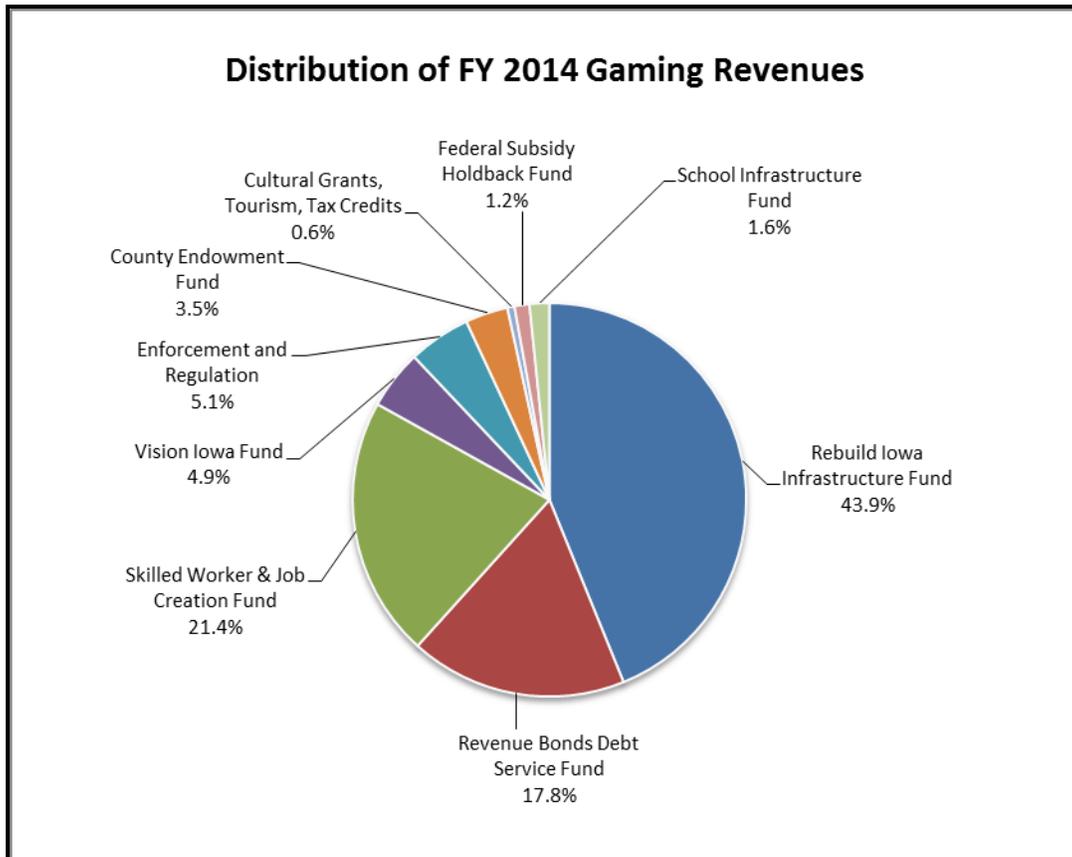
- **Revenue Bonds Debt Service Fund:** \$55.0 million is allocated to pay the debt service on bonds that were issued in July 2009 to fund a variety of infrastructure and environmental projects as well as the I-JOBS Programs.
- **Federal Subsidy Holdback Fund:** \$3.8 million is allocated to a new Revenue Bonds Federal Subsidy Holdback Fund to ensure 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).
- **General Fund:** Prior to FY 2014, the Iowa Code directed a total of \$66.0 million to the General Fund in two separate installments; \$1.3 million after the Revenue Bonds Debt Service Fund and Federal Subsidy Holdback Fund receive the first \$58.8 million, and another \$64.7 million after the Vision Iowa Fund and School Infrastructure Fund receive allocations totaling \$20.0 million. For FY 2013, the General Assembly directed \$20.0 million of the General Fund allocation to the Technology Reinvestment Fund and \$6.0 million to the RIIF, leaving the remaining \$40.0 million in the General Fund.
- **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.
- **School Infrastructure Fund:** \$5.0 million is 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. FY 2014 will be the last year of this allocation as the School Infrastructure Bonds were defeased in November 2013.
- **Iowa Skilled Worker and Job Creation Fund:** Beginning in FY 2014, \$66.0 million is allocated to the Skilled Worker and Job Creation Fund in place of the \$66.0 million allocation previously made to the General Fund. The funds are appropriated annually by the General Assembly to fund a variety of job creation programs.
- **Technology Reinvestment Fund:** This Fund is used for costs associated with the acquisition of computer hardware and software, software development, telecommunications equipment, and maintenance and lease agreements associated with technology components. The General Assembly appropriates \$17.5 million annually from the General Fund for the Technology Reinvestment Fund, although multiple sources have been used over the past several years in lieu of the General Fund appropriation. For FY 2013, the General Assembly provided a one-time allocation of \$20.0 million to this Fund from the State wagering tax and reduced the allocation to the General Fund by a like amount.
- **Rebuild Iowa Infrastructure Fund (RIIF):** 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 State 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 Department of Public Safety, Division of Criminal Investigation.
- **County Endowment Fund:** An amount equal to 0.8% of the adjusted gross revenues is allocated to this Fund. The funds are transferred equally to counties that do not have a licensed casino for funding charitable organizations.
- **Cultural Grants, Tourism, and Tax Credits:** An amount equal to 0.2% of the adjusted gross revenues is allocated to the Department of Cultural Affairs for cultural grants and operations, and to the Department of Economic Development for tourism marketing. A portion of this allocation is also used to fund the Endow Iowa Tax Credits.
- **General Fund – Other Fees:** Includes annual license fees charged to manufacturers and distributors of gambling games and devices and the annual license fees for casinos to operate gambling games.

## FY 2014 State Gaming Revenues

The following chart provides a summary of the distribution of State gaming revenues in FY 2014. The majority of the FY 2014 State gaming revenues are distributed to the RIIF (43.9%), the Skilled Worker and Job Creation Fund (21.4%), and for paying the debt service on various revenue bonds (25.5%). The remaining 9.2% is for enforcement and regulatory costs, cultural grants and tourism, and the County Endowment Fund.



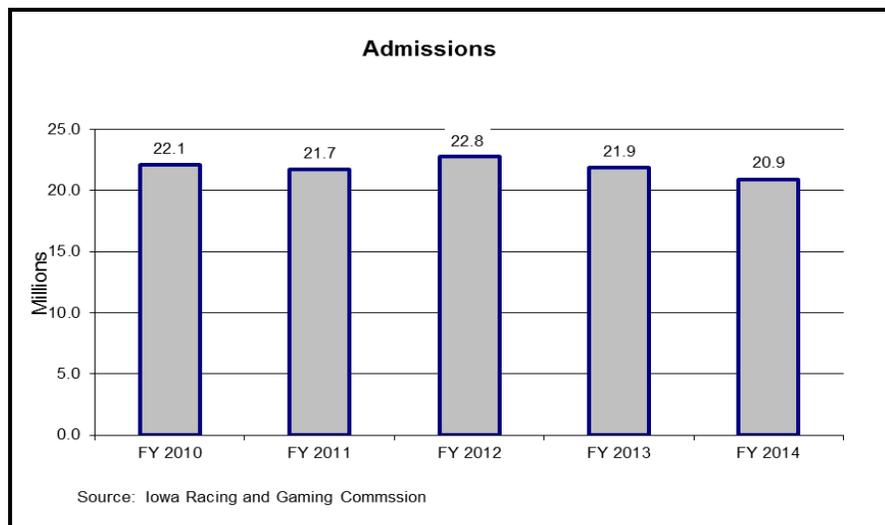
**Admissions to Casinos**

Admissions to the gaming facilities for FY 2014 decreased by 961,000 (4.4%) compared to FY 2013. Admissions totaled 20.9 million in FY 2014 compared to 21.9 million in FY 2013. Two of the 18 gaming facilities experienced an increase in admissions during FY 2014. Harrah's Casino in Council Bluffs had an increase of 204,000 (20.0%) admissions in FY 2014 and Catfish Bend in Burlington had an increase of 34,000 (4.4%). All other establishments experienced a combined reduction in admissions totaling 1.2 million (6.0%).

<b>Iowa Casino Admissions</b>				
(in Millions)				
	FY 2013	FY 2014	Change	Percent Change
Prairie Meadows - Altoona	3.0	2.9	0.0	-0.8%
Bluffs Run Greyhound Park - Council Bluffs	2.1	2.0	-0.1	-5.6%
Dubuque Greyhound Park	1.0	0.9	-0.1	-10.3%
Isle of Capri - Marquette	0.3	0.3	-0.0	-11.9%
Diamond Jo - Dubuque	1.1	1.1	-0.0	-3.7%
Wild Rose Casino - Clinton	0.7	0.6	-0.1	-8.0%
Catfish Bend Casino - Burlington	0.8	0.8	0.0	4.4%
Argosy - Sioux City	0.8	0.7	-0.1	-14.0%
Terrible's Lakeside Casino - Osceola	0.7	0.7	-0.0	-1.9%
Wild Rose Casino - Emmetsburg	0.5	0.5	-0.0	-7.6%
Isle of Capri - Waterloo	1.4	1.3	-0.1	-6.8%
Rhythm City Casino - Davenport	0.9	0.7	-0.1	-12.9%
Isle of Capri - Bettendorf	1.0	0.9	-0.1	-11.3%
Ameristar Casino - Council Bluffs	2.1	1.9	-0.1	-5.9%
Harrah's - Council Bluffs	1.0	1.2	0.2	20.0%
Diamond Jo Worth - Northwood	1.3	1.2	-0.1	-5.7%
Riverside Casino	1.9	1.8	-0.1	-3.6%
Grand Falls Casino	1.3	1.2	-0.1	-4.9%
<b>TOTAL</b>	<b>21.9</b>	<b>20.9</b>	<b>-1.0</b>	<b>-4.4%</b>

Source: Iowa Racing and Gaming Commission

The chart below shows total casino admissions over the last five years. Admissions to Iowa's casinos in FY 2014 were 4.4% (437,000) below the five-year average of 21.9 million. It should be noted that during FY 2010-FY 2011 there were 17 casinos in full operation. The eighteenth casino (Grand Falls Casino) became operational in June 2011 and FY 2012 was the first year it was fully operational.



## FY 2014 State Gaming Revenues

### Adjusted Gross Revenue

Adjusted gross revenues consist of the total amount wagered less the winnings paid and represent the amount subject to wagering tax. Overall, adjusted gross revenues decreased by \$56.0 million (3.9%) in FY 2014 compared to FY 2013. Of the 18 gaming facilities, only two had an increase in adjusted gross revenues in FY 2014 compared to the previous year - Harrah's Casino in Council Bluffs and Grand Falls Casino in Lyon County. The remaining 16 casinos experienced a combined reduction of \$63.5 million (4.8%).

<b>Adjusted Gross Revenues</b>				
(Dollars in Millions)				
	FY 2013	FY 2014	Dollar Change	Percent Change
Prairie Meadows - Altoona	\$ 195.0	\$ 183.2	\$ -11.8	-6.1%
Bluffs Run Greyhound Park - Council Bluffs	200.3	194.7	-5.6	-2.8%
Dubuque Greyhound Park	57.6	52.2	-5.4	-9.4%
Isle of Capri - Marquette	29.8	26.7	-3.1	-10.4%
Diamond Jo - Dubuque	66.5	63.6	-3.0	-4.5%
Wild Rose Casino - Clinton	37.6	32.8	-4.7	-12.6%
Catfish Bend Casino - Burlington	38.8	38.3	-0.5	-1.2%
Argosy - Sioux City	56.1	48.0	-8.0	-14.3%
Terrible's Lakeside Casino - Osceola	50.5	49.3	-1.1	-2.2%
Wild Rose Casino - Emmetsburg	32.2	31.0	-1.2	-3.8%
Isle of Capri - Waterloo	86.0	85.1	-1.0	-1.2%
Rhythm City Casino - Davenport	48.3	44.4	-3.9	-8.0%
Isle of Capri - Bettendorf	74.5	70.2	-4.3	-5.7%
Ameristar Casino - Council Bluffs	167.8	163.7	-4.1	-2.4%
Harrah's - Council Bluffs	67.4	73.9	6.5	9.6%
Diamond Jo Worth - Northwood	89.0	84.2	-4.8	-5.4%
Riverside Casino	88.7	87.7	-1.0	-1.1%
Grand Falls Casino	58.2	59.2	1.0	1.7%
<b>TOTAL</b>	<b>\$ 1,444.2</b>	<b>\$ 1,388.2</b>	<b>\$ -56.0</b>	<b>-3.9%</b>

Source: Iowa Racing and Gaming Commission

The chart below shows total adjusted gross revenues for Iowa casinos over the last five years. FY 2014 was the third consecutive year that adjusted gross receipts have declined. Adjusted gross revenues for Iowa's casinos in FY 2014 were 1.4% (\$20.2 million) below the five-year average of \$1,408.4 million.

