

APR 12 1995

WAYS AND MEANS

HOUSE FILE 564

BY SIEGRIST and SCHRADER

Passed House, Date _____ Passed Senate, Date _____
 Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
 Approved _____

A BILL FOR

1 An Act relating to the qualifications of a qualifying
 2 organization which are necessary to conduct pari-mutuel
 3 wagering at racetracks or gambling games on excursion gambling
 4 boats and providing effective and applicability dates.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 564

1 Section 1. Section 99D.8, unnumbered paragraphs 1 and 2,
2 Code 1995, are amended to read as follows:

3 A qualifying organization, as defined in section
4 513(d)(2)(C) of the Internal Revenue Code, as defined in
5 section 422.3, exempt from federal income taxation under
6 sections 501(c)(3), 501(c)(4), or 501(c)(5) of the Internal
7 Revenue Code or a nonprofit corporation organized under the
8 laws of this state, whether or not it is exempt from federal
9 income taxation, which is organized to promote those purposes
10 enumerated in section 99B.7, subsection 3, paragraph "b", and
11 or which regularly conducts~~as one of its substantial exempt~~
12 purposes, an agricultural and educational fair or exposition
13 for the promotion of the horse, dog, or other livestock
14 breeding industries of the state, or an agency,
15 instrumentality, or political subdivision of the state, may
16 apply to the commission for a license to conduct horse or dog
17 racing. The application shall be filed with the administrator
18 of the commission at least sixty days before the first day of
19 the horse race or dog race meeting which the organization
20 proposes to conduct, shall specify the day or days when and
21 the exact location where it proposes to conduct racing, and
22 shall be in a form and contain information as the commission
23 prescribes.

24 If any part of the net income of a licensee is determined
25 to be unrelated business taxable income as defined in sections
26 511 through 514 of the Internal Revenue Code, or is otherwise
27 taxable, the qualifying-organization licensee shall be
28 required to distribute the such amount ~~of net unrelated~~
29 ~~business-taxable-income~~ to political subdivisions in the state
30 and organizations described in section 501(c)(3) of the
31 Internal Revenue Code in the county in which it the licensee
32 operates. ~~Distributions to these organizations made during~~
33 ~~the year in which the unrelated business income was earned~~
34 ~~shall be treated as included in the required distributions for~~
35 ~~this purpose.~~

1 Sec. 2. Section 99F.1, subsection 14, Code 1995, is
2 amended to read as follows:

3 14. "Qualified sponsoring organization" means a nonprofit
4 corporation organized under the laws of this state, whether or
5 not it is exempt from federal income taxation, or a person or
6 association that can show to the satisfaction of the
7 commission that the person or association is eligible for
8 exemption from federal income taxation under section
9 501(c)(3), 501(c)(4), 501(c)(5), 501(c)(6), 501(c)(7),
10 501(c)(8), 501(c)(10), or 501(c)(19) of the Internal Revenue
11 Code as defined in section 422.3.

12 Sec. 3. Section 99F.6, subsection 4, paragraph a, Code
13 1995, is amended to read as follows:

14 a. Before a license is granted, the division of criminal
15 investigation of the department of public safety shall conduct
16 a thorough background investigation of the applicant for a
17 license to operate a gambling game operation on an excursion
18 gambling boat. The applicant shall provide information on a
19 form as required by the division of criminal investigation.
20 ~~Before-a~~ A qualified sponsoring organization is licensed to
21 operate gambling games under this chapter, ~~the-qualified~~
22 ~~sponsoring-organization~~ shall ~~certify-that~~ distribute the
23 receipts of all gambling games, less reasonable expenses,
24 charges, taxes, fees, and deductions allowed under this
25 chapter, ~~will-be-distributed~~ as winnings to players or
26 participants or ~~will-be-distributed~~ shall distribute the
27 receipts for educational, civic, public, charitable,
28 patriotic, or religious uses as defined in section 99B.7,
29 subsection 3, paragraph "b". However, if a licensee who is
30 also licensed to conduct pari-mutuel wagering at a horse
31 racetrack has unpaid debt from the pari-mutuel racetrack
32 operations, the first receipts of the gambling games operated
33 within the racetrack enclosure less reasonable operating
34 expenses, taxes, and fees allowed under this chapter shall be
35 first used to pay the annual indebtedness. The commission

1 shall authorize, subject to the debt payments for horse
2 racetracks and the provisions of paragraph "b" for dog
3 racetracks, a licensee who is also licensed to conduct pari-
4 mutuel dog or horse racing to use receipts from gambling games
5 within the racetrack enclosure to supplement purses for races
6 particularly for Iowa-bred horses pursuant to an agreement
7 which shall be negotiated between the licensee and
8 representatives of the dog or horse owners. A qualified
9 sponsoring organization shall not make a contribution to a
10 candidate, political committee, candidate's committee, state
11 statutory political committee, county statutory political
12 committee, national political party, or fund-raising event as
13 these terms are defined in section 56.2. The membership of
14 the board of directors of a qualified sponsoring organization
15 shall represent a broad interest of the communities.

16 Sec. 4. EFFECTIVE AND APPLICABILITY DATES. This Act,
17 being deemed of immediate importance, takes effect upon
18 enactment and applies retroactively to January 1, 1995.

19 EXPLANATION

20 This bill provides that a qualified sponsoring
21 organization, in lieu of being eligible for an exemption from
22 federal income taxation, may show that it is an Iowa nonprofit
23 corporation, whether tax-exempt or not, for the purposes of
24 qualifying to be a licensee to conduct pari-mutuel wagering at
25 racetracks or to conduct gambling games on excursion gambling
26 boats. However, unrelated business taxable income of a
27 licensee must be distributed to political subdivisions of the
28 state and organizations described in section 501(c)(3) of the
29 Internal Revenue Code, such as educational, testing for public
30 safety, literary, charitable, patriotic, or religious
31 organizations.

32 This bill takes effect upon enactment and applies
33 retroactively to January 1, 1995.

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HOUSE FILE 564

H-3966

1 Amend House File 564 as follows:

2 1. Page 3, by inserting after line 15 the
3 following:

4 "Sec. 100. Section 99F.7, subsection 10, paragraph
5 a, Code 1995, is amended to read as follows:

6 a. A license to conduct gambling games on an
7 excursion gambling boat in a county shall be issued
8 only if the county electorate approves the conduct of
9 the gambling games as provided in this subsection.
10 The board of supervisors, upon receipt of a valid
11 petition meeting the requirements of section 331.306,
12 shall direct the commissioner of elections to submit
13 to the qualified electors of the county a proposition
14 to approve or disapprove the conduct of gambling games
15 on an excursion gambling boat in the county. The
16 proposition shall be submitted at a general election
17 or at a special election called for that purpose. To
18 be submitted at a general election, the petition must
19 be received by the board of supervisors at least five
20 working days before the last day for candidates for
21 county offices to file nomination papers for the
22 general election pursuant to section 44.4. If a
23 majority of the county voters voting on the
24 proposition favor the conduct of gambling games, the
25 commission may issue one or more licenses as provided
26 in this chapter. If a majority of the county voters
27 voting on the proposition do not favor the conduct of
28 gambling games, a license to conduct gambling games in
29 the county shall not be issued. ~~After a referendum
30 has been held, another referendum requested by
31 petition shall not be held for at least two years.~~

32 Sec. 101. Section 99F.7, subsection 10, Code 1995,
33 is amended by adding the following new paragraph:

34 NEW PARAGRAPH. d. After a referendum has been
35 held which defeated a proposal to conduct gambling
36 games on excursion gambling boats or which defeated a
37 proposal to conduct gambling games at a licensed pari-
38 mutuel racetrack enclosure as provided in this
39 section, another referendum on a proposal to conduct
40 gambling games on an excursion gambling boat or at a
41 licensed pari-mutuel racetrack shall not be held for
42 at least two years."

43 2. Page 3, by striking line 18 and inserting the
44 following: "enactment. Sections 1 through 3 of this
45 Act apply retroactively to January, 1, 1995, and
46 sections 100 and 101 apply retroactively to September
47 1, 1994."

48 3. Title page, line 1, by inserting after the
49 word "the" the following: "frequency of referendums
50 held on excursion gambling boat proposals or gambling

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1 games proposals for licensed pari-mutuel racetracks
2 and the".

By HANSON of Black Hawk
WITT of Black Hawk

H-3966 FILED APRIL 18, 1995

HOUSE FILE 564

H-4015

1 Amend the amendment, H-3966, to House File 564 as
2 follows:

3 1. Page 1, line 45, by striking the word
4 "January," and inserting the following: "January".

By HANSON of Black Hawk

H-4015 FILED APRIL 20, 1995