

SENATE FILE 2468  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 2358)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to the taxation of real property used in or gross  
2 receipts gained from the operation of a racetrack or racetrack  
3 enclosure.

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

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S.F. 2468

1 Section 1. Section 99D.14, subsection 6, Code 1995, is  
2 amended by striking the subsection and inserting in lieu  
3 thereof the following:

4 6. Real property used in the operation of a racetrack or  
5 racetrack enclosure which is exempt from property taxation  
6 under another provision of the law, including being exempt  
7 because it is owned by a city, county, state, or charitable or  
8 nonprofit entity, may be subject to real property taxation by  
9 any taxing district in which the real property used in the  
10 operation of the racetrack or racetrack enclosure is located.  
11 To subject such real property to taxation, the governing body  
12 of the taxing district shall pass a resolution imposing the  
13 tax and shall notify the county assessor, director of revenue  
14 and finance, and the owner of record of the real property by  
15 September 1 preceding the fiscal year in which the real  
16 property taxes are due and payable. The assessed value shall  
17 be determined by the department of revenue and finance by  
18 October 15 and the owner may protest the assessed value to the  
19 state board of tax review by December 1. Real property  
20 subject to tax as provided in this subsection shall continue  
21 to be taxed until such time as the governing body of the  
22 taxing district repeals the resolution subjecting the property  
23 to taxation.

24 Sec. 2. Section 99F.11, unnumbered paragraph 1, Code 1995,  
25 is amended to read as follows:

26 A tax is imposed on the adjusted gross receipts received  
27 annually from gambling games authorized under this chapter at  
28 the rate of five percent on the first one million dollars of  
29 adjusted gross receipts, at the rate of ten percent on the  
30 next two million dollars of adjusted gross receipts, and at  
31 the rate of twenty percent on any amount of adjusted gross  
32 receipts over three million dollars. However, beginning  
33 January 1, 1997, the rate on any amount of adjusted gross  
34 receipts over three million dollars from gambling games at  
35 racetrack enclosures is twenty-two percent ~~and shall increase~~

1 by-two-percent-each-succeeding-calendar-year-until-the-rate-is  
2 thirty-six-percent. The taxes imposed by this section shall  
3 be paid by the licensee to the treasurer of state within ten  
4 days after the close of the day when the wagers were made and  
5 shall be distributed as follows:

6 Sec. 3. Section 99F.11, Code 1995, is amended by adding  
7 the following new subsection:

8 NEW SUBSECTION. 3A. If the adjusted gross receipts from  
9 gambling games at a racetrack enclosure are subject to a tax  
10 rate of twenty-two percent, two percent of the adjusted gross  
11 receipts shall be remitted to the treasurer of the state. The  
12 tax revenues shall be distributed quarterly beginning July 1,  
13 1997, to the department of education to be used for no more  
14 than ten pilot projects with two in each congressional  
15 district. The pilot project shall encompass one school  
16 district and shall consist of an experimental program for  
17 acquiring laptop computers for students for use by them in  
18 school work which may be done in the classroom or at home.  
19 The tax revenues shall be allocated to the pilot projects on a  
20 per student basis.

21

#### EXPLANATION

22 The bill provides that real property used in the operation  
23 of a racetrack or racetrack enclosure may be subject to  
24 taxation even if otherwise exempt because it is owned by a  
25 city, county, state, or a charitable or nonprofit entity. To  
26 be so taxed, the governing body of the taxing district must  
27 adopt a resolution subjecting the property to taxation. Once  
28 a resolution is adopted the property will continue to be taxed  
29 until the resolution is repealed.

30 The bill also limits to 22 percent the maximum state tax  
31 rate on the adjusted gross receipts from gambling games at  
32 racetrack enclosures. Present law provides for an eventual 36  
33 percent state tax rate. The bill provides that 2 percent of  
34 the adjusted gross receipts from gambling games at racetrack  
35 enclosures which are subject to the 22 percent rate are to be

1 used by the department of education for pilot projects to  
2 acquire laptop computers for students. There is to be no more  
3 than 10 pilot projects with two located in each congressional  
4 district.

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**SENATE FILE 2468**  
**FISCAL NOTE**

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A fiscal note for Senate File 2468 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

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Senate File 2468 provides that real property used in the operation of a racetrack or racetrack enclosure may be subject to taxation. To subject a racetrack to property taxes, a governing body of the taxing district must adopt a resolution. The Bill also adds a freeze on the wagering tax rates from gambling games at racetrack enclosures.

Senate File 2468 is estimated to generate \$1,956,000 in property taxes and reduce school foundation state aid \$268,920. The Bill is estimated to reduced State General Fund revenues \$2.0 million in FY 1997, \$5.7 million in FY 1998, and growing each year until FY 2005 when revenues are estimated to be reduced \$30.3 million. A breakdown of the estimate is provided below.

**PROPERTY TAX PORTION**

**ASSUMPTIONS**

1. Bluffs Run currently pays property taxes.
2. Taxable valuations are \$36.0 million for Prairie Meadows, \$10.0 million for Dubuque Greyhound Park, and \$3.8 million for Waterloo Greyhound Park.
3. FY 1996 tax rates are used.
4. All taxing districts will pass a resolution requiring the racetracks to pay property taxes, resulting in the maximum impact.

**FISCAL IMPACT**

The property tax portion is estimated to generate \$1,956,000 in property taxes and reduce school foundation state aid by \$268,920. The estimate by racetrack is as follows: (Breakdown reflects only the major taxing districts.)

1. Prairie Meadows would generate \$1,461,742 in property taxes and reduce school foundation State aid by \$194,400. The property taxes by taxing district includes:
  - A. Polk County: \$334,080
  - B. Southeast Polk School District: \$713,520
  - C. City of Altoona: \$384,120
2. Waterloo Greyhound Park would generate \$165,352 in property taxes and reduce school foundation State aid by \$20,520. The property taxes by taxing district includes:

-2-

- A. Blackhawk County: \$31,494
  - B. Waterloo School District: \$70,618
  - C. City of Waterloo: \$59,547
3. Dubuque Greyhound Park would generate \$328,638 in property taxes and reduce school foundation State aid by \$54,000. The property taxes by taxing district includes:
- A. Dubuque County: \$61,317
  - B. Dubuque School District: \$137,067
  - C. City of Dubuque: \$117,822

**WAGERING TAX PORTION**

The wagering tax portion of SF 2468 adds a freeze on the wagering tax rates from gambling games at racetrack enclosures. Under current law, the wagering tax rates on receipts over \$3.0 million raise from 20.0% to 22.0% on January 1, 1997, and increases by 2.0% each year until the rate is 36.0%. The Bill freezes the 22.0% rate. The Bill also distributes 2.0% of the adjusted gross receipts to the Department of Education for no more than ten pilot project. The pilot projects consists of an experimental program to acquire laptop computer for students.

**ASSUMPTIONS:**

1. Adjusted gross receipts will remain at estimated FY 1997 level, \$197,000,000.
2. The receipts will be divided equally between the first half of the fiscal year and the second half of the fiscal year.

**FISCAL IMPACT:**

The wagering tax portion is estimated to reduce State General Fund revenues \$2.0 million in FY 1997, \$5.9 million in FY 1998, and growing each year until FY 2005 when revenues are estimated to be reduced \$30.3 million. The Department of Education would receive \$2.0 million in FY 1997 and \$3.9 million each year thereafter for the pilot projects.

(LSB 4462SV, JAS)

FILED APRIL 17, 1996

BY DENNIS PROUTY, FISCAL DIRECTOR

SENATE FILE 2468

S-5806

- 1 Amend Senate File 2468 as follows:  
2 1. Page 1, line 34, by striking the word "at" and  
3 inserting the following: "at".  
4 2. By striking page 1, line 35, through page 2,  
5 line 2, and inserting the following: "racetrack  
6 enclosures authorized under this chapter is twenty-two  
7 percent and shall increase by two percent each  
8 succeeding calendar year until the rate is thirty-six  
9 percent. The taxes imposed by this section shall".  
10 3. Page 2, line 9, by striking the words "at a  
11 racetrack enclosure" and inserting the following:  
12 "authorized under this chapter".  
13 4. Page 2, line 14, by striking the words "ten  
14 pilot projects with two" and inserting the following:  
15 "twenty pilot projects with four".  
16 5. Title page, line 2, by inserting before the  
17 words "a racetrack" the following: "a riverboat or".

By H. KAY HEDGE  
WAYNE D. BENNETT

S-5806 FILED APRIL 17, 1996

SENATE FILE 2468

S-5810

- 1 Amend Senate File 2468 as follows:  
2 1. Page 1, line 9, by inserting after the word  
3 "district" the following: ", except a school  
4 district,".  
5 2. Page 1, line 12, by inserting after the word  
6 "district" the following: ", except a school  
7 district,".

By TONY BISIGNANO

S-5810 FILED APRIL 17, 1996

SENATE FILE 2468

S-5811

- 1 Amend Senate File 2468 as follows:  
2 1. Page 2, by striking lines 13 through 20 and  
3 inserting the following: "1997, to the department of  
4 human services to be used for state child care  
5 assistance programs."

By TONY BISIGNANO

S-5811 FILED APRIL 17, 1996

SENATE FILE 2468

S-5813

- 1 Amend Senate File 2468 as follows:  
2 1. Page 1, by striking lines 1 through 23.  
3 2. Page 1, by striking lines 32 through 35 and  
4 inserting the following: "receipts over three million  
5 dollars.---However, beginning January 1, 1997, the rate  
6 on any amount of adjusted gross receipts over three  
7 million dollars from gambling games at racetrack  
8 enclosures is twenty-two percent and shall increase".  
9 3. Page 2, by striking lines 6 through 20.  
10 4. Title page, line 1, by striking the words  
11 "real property used in or".  
12 5. Title page, line 2, by striking the words "a  
13 racetrack" and inserting the following: "gambling  
14 games on or at a riverboat".

By TONY BISIGNANO

S-5813 FILED APRIL 17, 1996

## SENATE FILE 2468

S-5820

1 Amend Senate File 2468 as follows:

2 1. By striking page 1, line 24, through page 2,  
3 line 20.4 2. Title page, lines 1 and 2, by striking the  
5 words "or gross receipts gained from".

By ANDY MCKEAN

ALBERT G. SORENSEN

MARY NEUHAUSER

JOHNIE HAMMOND

RODNEY HALVORSON

NANCY BOETTGER

WAYNE D. BENNETT

H. KAY HEDGE

MERLIN E. BARTZ

DENNIS H. BLACK

JIM LIND

DONALD B. REDFERN

DERRYL McLAREN

ALLEN BORLAUG

O. GENE MADDOX

JOANN DOUGLAS

STEWART IVERSON, JR.

LYLE E. ZIEMAN

MARY KRAMER

JACK RIFE

JOHN W. JENSEN

MARY LOU FREEMAN

S-5820 FILED APRIL 18, 1996

SENATE FILE 2468

S-5839

1 Amend amendment, S-5806, to Senate File 2468 as  
2 follows:  
3 1. Page 1, line 8, by striking the word "thirty-  
4 six" and inserting the following: "~~thirty-six~~  
5 thirty".

By DENNIS H. BLACK

S-5839 FILED APRIL 24, 1996

SENATE FILE 2468

S-5840

1 Amend Senate File 2468 as follows:  
2 1. Page 2, by striking lines 13 through 20 and  
3 inserting the following: "1997, to the Iowa state  
4 fair board to be used for continuing upkeep,  
5 maintenance, and capital improvements at the Iowa  
6 state fairgrounds in Des Moines."

By DENNIS H. BLACK

S-5840 FILED APRIL 24, 1996

SENATE FILE 2468

S-5841

1 Amend Senate File 2468 as follows:  
2 1. Page 2, by inserting after line 20 the  
3 following:  
4 "Sec. 100. Section 257.3, subsection 1, Code  
5 Supplement 1995, is amended by adding the following  
6 new unnumbered paragraph:  
7 NEW UNNUMBERED PARAGRAPH. For purposes of the  
8 foundation property tax levy imposed under this  
9 section and the additional property tax levy imposed  
10 under section 257.4, real property which is exempt  
11 from taxation under another provision of law and which  
12 is located in a school district which has a racetrack  
13 or racetrack enclosure located within the district  
14 shall be subject to such school district's foundation  
15 property tax levy and its additional property tax levy  
16 notwithstanding its exemption under the other  
17 provision of law. This paragraph does not apply to  
18 real property in which religious services are  
19 provided.  
20 Sec. \_\_\_\_\_. Section 100 of this Act applies to  
21 property taxes levied by school districts which are  
22 due and payable in fiscal years beginning on or after  
23 July 1, 1997."

By BERL E. PRIEBE

S-5841 FILED APRIL 24, 1996

Palmer  
Connolly  
Iversen, Jr.

SSB-2358  
Ways & Means  
Succeeded By  
SENATE FILE SF/HF ~~2358~~ 2468

BY (PROPOSED COMMITTEE ON WAYS  
AND MEANS BILL BY CHAIRPERSON  
PALMER)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

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15 September 1 preceding the fiscal year in which the real  
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18 October 15 and the owner may protest the assessed value to the  
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33 January 1, 1997, the rate on any amount of adjusted gross  
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35 racetrack enclosures is twenty-two percent ~~and shall increase~~

1 ~~by two percent each succeeding calendar year until the rate is~~  
2 ~~thirty six percent.~~ The taxes imposed by this section shall  
3 be paid by the licensee to the treasurer of state within ten  
4 days after the close of the day when the wagers were made and  
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13 1997, to the department of education to be used for no more  
14 than ten pilot projects with two in each congressional  
15 district. The pilot project shall encompass one school  
16 district and shall consist of an experimental program for  
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#### EXPLANATION

22 The bill provides that real property used in the operation  
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