

FILED APR 10 1995

SENATE FILE 471  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 142)

Passed Senate, Date 4/27/95 (p. 1470) Passed House, Date \_\_\_\_\_  
Vote: Ayes 28 Nays 19 Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to the wagering tax on gambling games at pari-  
2 mutuel racetrack enclosures.

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

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SENATE FILE 471

S-3453

1 Amend Senate File 471 as follows:  
2 1. Page 1, by striking lines 9 through 14 and  
3 inserting the following: "receipts over three million  
4 dollars. However, beginning January 1, ~~1997~~ 1999, the  
5 rate on any amount of adjusted gross receipts over  
6 three million dollars from gambling games at racetrack  
7 enclosures is twenty-two percent and shall increase by  
8 two percent each succeeding calendar year until the  
9 rate is thirty-six percent. The taxes imposed by this  
10 section shall".

By ROD HALVORSON

S-3453 FILED APRIL 17, 1995  
*Last 4/27/95 (p. 1470)*

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S.F. 471

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

3 A tax is imposed on the adjusted gross receipts received  
4 annually from gambling games authorized under this chapter at  
5 the rate of five percent on the first one million dollars of  
6 adjusted gross receipts, at the rate of ten percent on the  
7 next two million dollars of adjusted gross receipts, and at  
8 the rate of twenty percent on any amount of adjusted gross  
9 receipts over three million dollars. However, ~~beginning~~  
10 ~~January 1, 1997, the rate on any amount of adjusted gross~~  
11 ~~receipts over three million dollars from gambling games at~~  
12 ~~racetrack enclosures is twenty-two percent and shall increase~~  
13 ~~by two percent each succeeding calendar year until the rate is~~  
14 ~~thirty-six percent.~~ The taxes imposed by this section shall  
15 be paid by the licensee to the treasurer of state within ten  
16 days after the close of the day when the wagers were made and  
17 shall be distributed as follows:

18 EXPLANATION

19 This bill strikes the higher tax rates which will apply to  
20 adjusted gross receipts over \$3,000,000 from gambling games at  
21 pari-mutuel racetracks commencing January 1, 1997. Beginning  
22 January 1, 1997, current law requires the tax rates for the  
23 gross receipts over \$3,000,000 to increase two percent each  
24 year until a maximum tax rate of 36 percent is reached.

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SENATE FILE 471  
REVISED  
FISCAL NOTE

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A fiscal note for Senate File 471 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 471 strikes tax rate increases which, under current law, would apply to adjusted gross receipts over \$3.0 million from gambling games at pari-mutuel racetracks. Beginning January 1, 1997, current law requires tax rates for gross receipts over \$3.0 million to increase 2.0% each year until a maximum tax rate of 36.0% is reached. Senate File 471 would cause the tax rate to remain constant at 20.0% for adjusted gross receipts over \$3.0 million.

Assumptions:

1. Because revenue to the General Fund resulting from pari-mutuel wagering cannot be projected for FY 1997 and beyond, it is assumed that revenue will remain at the FY 1996 level indefinitely.

2. The wagering tax is levied as follows:

5.0% on the first \$1.0 million of adjusted gross receipts.

10.0% on the next \$2.0 million of adjusted gross receipts.

20.0% on amounts over \$3.0 million of adjusted gross receipts.

Under current law, after January 1, 1997, for adjusted gross receipts over \$3.0 million, the tax will be increased from 20.0% to 22.0%. This percent will be increased by 2.0% each year thereafter until it reaches 36.0%.

3. The wagering tax is distributed as follows:

One-half of 1.0% of adjusted gross revenue to city general funds.

One-half of 1.0% of adjusted gross revenue to county general funds.

Three-tenths of 1.0% of adjusted gross revenue to the Gambler's Assistance Fund.

Remainder to the State General Fund.

Fiscal Impact:

Enactment of Senate File 471 will impact State General Fund revenues as follows:

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(dollars in thousands)

<u>Fiscal Year</u>	<u>Current Law</u>	<u>Proposed Law</u>	<u>Increase (Decrease)</u>
FY 1996	\$ 18,724	\$ 18,724	\$ 0
FY 1997	19,714	18,724	(990)
FY 1998	21,694	18,724	(2,970)
FY 1999	23,674	18,724	(4,950)
FY 2000	25,654	18,724	(6,930)
FY 2001	27,634	18,724	(8,910)
FY 2002	29,614	18,724	(10,890)
FY 2003	31,594	18,724	(12,870)
FY 2004	33,574	18,724	(14,850)
FY 2005*	34,564	18,724	(15,840)

\*Under current law, the tax rate will reach 36.0% on January 1, 2004. The first full fiscal year for which the tax rate will be at this level will be FY 2005. Lost revenue will be \$15.8 million in FY 2005 and each fiscal year thereafter.

Source: Department of Inspections and Appeals

(LSB 2067SV.2, LDC)

FILED APRIL 18, 1995

BY DENNIS PROUTY, FISCAL DIRECTOR

**SENATE FILE 471  
FISCAL NOTE**

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Source: Department of Inspections and Appeals

(LSB 2067SV, LDC)

FILED APRIL 12, 1995

BY DENNIS PROUTY, FISCAL DIRECTOR

Szymoniak  
Delahery  
McHaren

SSB 142  
Ways & Means

Succeeded By  
SF/HF 471

SENATE FILE \_\_\_\_\_  
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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