

SENATE FILE 188
BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO SSB 155)

Passed Senate, Date 3/26/97 (p.815) Passed House, Date _____
Vote: Ayes 45 Nays 3 Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the allocation of gambling receipts for horse
2 race purses.

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

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S.F. 188

1 Section 1. Section 99F.6, subsection 4, paragraph a, Code
2 1997, is amended to read as follows:

3 a. Before a license is granted, the division of criminal
4 investigation of the department of public safety shall conduct
5 a thorough background investigation of the applicant for a
6 license to operate a gambling game operation on an excursion
7 gambling boat. The applicant shall provide information on a
8 form as required by the division of criminal investigation. A
9 qualified sponsoring organization licensed to operate gambling
10 games under this chapter shall distribute the receipts of all
11 gambling games, less reasonable expenses, charges, taxes,
12 fees, and deductions allowed under this chapter, as winnings
13 to players or participants or shall distribute the receipts
14 for educational, civic, public, charitable, patriotic, or
15 religious uses as defined in section 99B.7, subsection 3,
16 paragraph "b". However, if a licensee who is also licensed to
17 conduct pari-mutuel wagering at a horse racetrack has unpaid
18 debt from the pari-mutuel racetrack operations, the first
19 receipts of the gambling games operated within the racetrack
20 enclosure less reasonable operating expenses, taxes, and fees
21 allowed under this chapter shall be first used to pay the
22 annual indebtedness. The commission shall authorize, subject
23 to the debt payments for horse racetracks and the provisions
24 of paragraph "b" for dog racetracks, a licensee who is also
25 licensed to conduct pari-mutuel dog or horse racing to use
26 receipts from gambling games within the racetrack enclosure to
27 supplement purses for races particularly for Iowa-bred horses
28 pursuant to an agreement which shall be negotiated between the
29 licensee and representatives of the dog or horse owners. For
30 a licensee who is also licensed to conduct pari-mutuel horse
31 racing, the supplement to the horse race purses shall be an
32 amount equal to fifteen percent of the annual adjusted gross
33 receipts received from gambling games and, of the total sum
34 allocated to supplement horse race purses, twenty percent
35 shall be used to supplement the purses of Iowa-bred horses. A

1 qualified sponsoring organization shall not make a
2 contribution to a candidate, political committee, candidate's
3 committee, state statutory political committee, county
4 statutory political committee, national political party, or
5 fund-raising event as these terms are defined in section 56.2.
6 The membership of the board of directors of a qualified
7 sponsoring organization shall represent a broad interest of
8 the communities.

9 EXPLANATION

10 This bill provides that a licensee of a pari-mutuel horse
11 racetrack who is also licensed to conduct gambling games at
12 the horse racetrack shall allocate an amount equal to 15
13 percent of adjusted gross receipts from gambling games to
14 supplement horse race purses. Of the total amount allocated
15 to supplement the horse race purses, 20 percent shall be used
16 to supplement the purses of Iowa-bred horses.

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**SENATE FILE 188
FISCAL NOTE**

A fiscal note for Senate File 188 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.

Senate File 188 provides that the Prairie Meadows racetrack shall allocate an amount equal to 15.0% of adjusted gross receipts from gambling games to supplement horse race purses. Of the total amount allocated to supplement the horse race purses, 20.0% shall be used to supplement the purses of Iowa-bred horses.

ASSUMPTIONS

1. For FY 1997, the adjusted gross receipts from gambling games at Prairie Meadows are estimated to be \$110.0 million.
2. For the Calendar Year 1997 racetrack season, horse racing purses have been agreed upon to be \$10.8 million.
3. Polk County and the Racing Association of Central Iowa will continue to negotiate an agreement each year on the operating budget for the racetrack.
4. Wagering taxes to the General Fund will continue to be based on the adjusted gross receipts of gambling games.

FISCAL IMPACT

The bill will have no fiscal impact on the State General Fund because the adjusted gross receipts of the gambling games will not be affected.

For the Calendar Year 1998 horse racing season, the bill will set horse race purses at \$16.5 million, an increase of \$5.7 million compared to 1997. Of that amount for horse race purses, \$3.3 million will be used to supplement the purses of Iowa-bred horses.

The fiscal impact on Polk County cannot be determined as the Racing Association of Central Iowa and Polk County must negotiate an agreement each year on the amount of the operating budget for the racetrack.

SOURCE

Racing and Gaming Commission

(LSB 2378SV, PQP)

FILED MARCH 3, 1997

BY DENNIS PROUTY, FISCAL DIRECTOR

SENATE FILE 188
FISCAL NOTE

A fiscal note for Amendment S3112 to Senate File 188 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.

Amendment S3112 to Senate File 188 would eliminate the tax credit for horse races at Prairie Meadows. The amendment also changes how the tax revenue from simulcast races shall be distributed.

ASSUMPTIONS

1. The amount of the gross sum wagered on live horse races will be based on the FY 1998 estimate of \$4.5 million.
2. The amount of the gross sum wagered on simulcast races will be based on the FY 1998 estimate of \$7.5 million for greyhound races and \$17.5 million for horse races.
3. The pari-mutuel wagering taxes imposed on the gross sum wagered for live and simulcast races will remain constant.

FISCAL IMPACT

Amendment S3112 will generate \$385,000 in additional pari-mutuel wagering taxes to the State General Fund in FY 1998 and FY 1999. Polk County will receive \$147,500 in county taxes and Altoona will receive \$147,500 in city taxes for each year.

SOURCES

Racing and Gaming Commission

(LSB 2378SV.3, PQP)

FILED MARCH 6, 1997

BY DENNIS PROUTY, FISCAL DIRECTOR

SENATE FILE 188

S-3239

- 1 Amend Senate File 188 as follows:
 - 2 1. Page 1, line 32, by striking the word
 - 3 "fifteen" and inserting the following: "ten".
- By MATT MCCOY
DICK L. DEARDEN

S-3239 FILED MARCH 26, 1997
WITHDRAWN (p. 802)

SENATE FILE 188

S-3242

- 1 Amend Senate File 188 as follows:
 - 2 1. Page 1, line 32, by striking the word
 - 3 "fifteen" and inserting the following: "ten".
- By DICK L. DEARDEN

S-3242 FILED MARCH 26, 1997
LOST (p. 815)

S-3112

1 Amend Senate File 188 as follows:

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

4 "Section 1. Section 99D.15, subsections 1 and 2,
5 Code 1997, are amended by striking the subsections.

6 Sec. _____. Section 99D.15, subsection 3, paragraph
7 a, unnumbered paragraph 1, Code 1997, is amended to
8 read as follows:

9 A tax is imposed on the gross sum wagered by the
10 pari-mutuel method at each track licensed for dog
11 races or horse races. The tax imposed by this
12 subsection shall be paid by the licensee to the
13 commission within ten days after the close of the
14 track's racing season. The rate of tax on each track
15 is as follows:

16 Sec. _____. Section 99D.15, subsection 4, Code 1997,
17 is amended to read as follows:

18 4. A tax of two percent is imposed on the gross
19 sum wagered by the pari-mutuel method on horse races
20 and dog races which are simultaneously telecast. The
21 tax imposed by this subsection is in lieu of the taxes
22 imposed pursuant to subsection 1-or 3, but the tax
23 revenue from simulcast horse races shall be
24 distributed as provided in subsection 1-and-the-tax
25 ~~revenue from simulcast dog races shall be distributed~~
26 ~~as provided in subsection 3.~~"

By JIM LIND

S-3112 FILED MARCH 4, 1997

o/o 3/26/97 (p. 8/5)

SENATE FILE 188

S-3095

1 Amend Senate File 188 as follows:

2 1. Page 1, line 35, by inserting after the word
3 "horses." the following: "Any amount of the
4 supplement to the horse race purses determined under
5 this paragraph which is in excess of ten million
6 dollars shall be a tax credit against the total
7 wagering tax owed by the licensee pursuant to section
8 99F.11."

By MATT McCOY

S-3095 FILED FEBRUARY 27, 1997

WITHDRAWN (P. 42) 2-27-97

SENATE FILE 188

S-3097

1 Amend Senate File 188 as follows:

2 1. Page 2, line 8, by inserting after the word
3 "communities." the following: "A member of the board
4 of directors, or the spouse or a child of a board
5 member, of a licensee which is also licensed to
6 conduct pari-mutuel horse racing with supplemental
7 horse race purses as provided in this paragraph, shall
8 not participate in or receive, directly or indirectly,
9 any money or thing of value from a horse racing purse
10 or pari-mutuel wagering at the horse racetrack."

By DENNIS BLACK

S-3097 FILED FEBRUARY 27, 1997

RULED OUT OF ORDER 2/27/97 (P. 421)

Rife, Chair
Lind
Fink

SSB-155

State Government
Succeeded By
(SF) HF 188

SENATE FILE
BY (PROPOSED COMMITTEE ON
STATE GOVERNMENT BILL BY
CHAIRPERSON LIND)

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