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W/S-5071

FILED JAN 13 1998

Rereferred To: State Court

SENATE FILE 2026

3/23/98(p. 79)

BY RIFE

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to the ownership of gambling facilities by, or
2 the issuance of gambling licenses to, political subdivisions
3 of the state.

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

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S.F. 2026

1 Section 1. Section 99D.8, unnumbered paragraph 1, Code
2 1997, is 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", or
11 which regularly conducts an agricultural and educational fair
12 or exposition for the promotion of the horse, dog, or other
13 livestock breeding industries of the state, ~~or an agency,~~
14 ~~instrumentality, or political subdivision of the state,~~ may
15 apply to the commission for a license to conduct horse or dog
16 racing. The application shall be filed with the administrator
17 of the commission at least sixty days before the first day of
18 the horse race or dog race meeting which the organization
19 proposes to conduct, shall specify the day or days when and
20 the exact location where it proposes to conduct racing, and
21 shall be in a form and contain information as the commission
22 prescribes. A political subdivision of this state shall not
23 own or lease a pari-mutuel racetrack or other gambling
24 facility which is subject to licensure and regulation pursuant
25 to this chapter.

26 Sec. 2. NEW SECTION. 99F.4C DIVESTITURE BY POLITICAL
27 SUBDIVISIONS.

28 If on the effective date of this Act, a political
29 subdivision of this state owns or has a leasehold interest in
30 any real estate or other property which is used in the
31 operation of gambling games or a pari-mutuel racetrack
32 licensed pursuant to chapter 99D or this chapter, the
33 political subdivision shall divest itself of any interest in
34 the real estate or other property which is used in the
35 operation of gambling games or pari-mutuel racing not later

1 than January 1, 2000.

2 Sec. 3. Section 99F.5, Code 1997, is amended by adding the
3 following new subsection:

4 NEW SUBSECTION. 3. A political subdivision of this state
5 shall not own an excursion gambling boat or gambling
6 facilities which are subject to licensure pursuant to this
7 chapter.

8 EXPLANATION

9 This bill prohibits a political subdivision of this state
10 from owning or having a leasehold interest in real estate or
11 other property which is used in the operation of gambling
12 games or pari-mutuel racing. If a political subdivision of
13 this state owns or leases property which is used for gambling
14 or pari-mutuel racing, the political subdivision must divest
15 itself of the gambling property not later than January 1,
16 2000.

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SENATE FILE 2026

S-5071

1 Amend Senate File 2026 as follows:

2 1. By striking everything after the enacting
3 clause and inserting the following:

4 "Section 1. Section 99D.8, unnumbered paragraph 1,
5 Code 1997, is amended to read as follows:

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

31 Sec. 2. NEW SECTION. 99F.4C DIVESTITURE.

32 1. If, on the effective date of this Act, a county
33 owns or has a leasehold interest in any real estate or
34 other property which is used in the operation of slot
35 machines licensed pursuant to this chapter or of a
36 pari-mutuel horse racetrack licensed pursuant to
37 chapter 99D, the county shall divest itself not later
38 than July 1, 1999, of any interest in the real estate
39 or other property which is used in the operation of
40 slot machines or pari-mutuel horse racing.

41 2. A county which owns or has a leasehold interest
42 in real property as provided in subsection 1 shall
43 divest itself of the real property by sale at a fair
44 market price to a corporation organized pursuant to
45 chapter 490 with the following restrictions and
46 requirements:

47 a. All shares of the corporation shall be sold to
48 residents of this state.

49 b. All officers and directors of the corporation
50 shall be residents of this state.

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1 c. The transfer of all shares shall be subject to
2 the approval of the corporation and the transfer shall
3 be to the corporation or to other residents of this
4 state."

5 2. Title page, lines 2 and 3 by striking the
6 words "political subdivisions of the state" and
7 inserting the following: "a county".

By COMMITTEE ON STATE GOVERNMENT
SHELDON RITTMER, Chairperson

S-5071 FILED FEBRUARY 26, 1998

SENATE FILE 2026

S-5007

1 Amend Senate File 2026 as follows:

2 1. Page 1, by striking lines 13 and 14 and
3 inserting the following: "livestock breeding
4 industries of the state, or ~~an agency,~~
5 ~~instrumentality, or political subdivision of the state~~
6 a city, may".

7 2. Page 1, line 22, by striking the words
8 "political subdivision of this state" and inserting
9 the following: "county".

10 3. Page 1, lines 26 and 27, by striking the words
11 "POLITICAL SUBDIVISIONS" and inserting the following:
12 "COUNTIES".

13 4. Page 1, lines 28 and 29, by striking the words
14 "political subdivision of this state" and inserting
15 the following: "county".

16 5. Page 1, line 33, by striking the words
17 "political subdivision" and inserting the following:
18 "county".

19 6. Page 2, line 4, by striking the words
20 "political subdivision of this state" and inserting
21 the following: "county".

By MICHAEL W. CONNOLLY

S-5007 FILED JANUARY 21, 1998