

Metcalf ch  
Larkin  
Bradley

Succeeded By  
HOUSE FILE \_\_\_\_\_ SF 02581  
BY (PROPOSED COMMITTEE ON STATE  
GOVERNMENT BILL BY  
CHAIRPERSON METCALF)

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

A BILL FOR

1 An Act relating to a referendum to determine the type of gambling  
2 to be conducted at horse racetrack enclosures, creating a  
3 governing board, and specifying the duties of the governing  
4 board.

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

- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23

1 Section 1. NEW SECTION. 99F.7A GAMBLING GAMES AT HORSE  
2 RACETRACK ENCLOSURES -- PROPOSITIONS AND GOVERNANCE.

3 1. If a proposition to operate gambling games at a horse  
4 racetrack enclosure is approved by a majority of the county  
5 electorate voting on the proposition at the general election  
6 held in 2002 pursuant to section 99F.7, subsection 10,  
7 paragraph "d", and upon petition of the eligible voters of the  
8 county equal in number to at least ten percent of the votes  
9 cast in the county for the office of governor at the 2002  
10 general election, requesting that the board of supervisors to  
11 the county electorate submit a second proposition on the type  
12 or types of gambling to be authorized at the horse racetrack  
13 enclosure. The petition shall be filed with the board of  
14 supervisors within ninety days after the 2002 general election  
15 approving continuation of operation of gambling games at the  
16 horse racetrack enclosure and shall comply with section  
17 331.306, except that the board of supervisors shall notify the  
18 commissioner of elections to schedule the special election  
19 within one hundred eighty days of the 2002 general election.  
20 The second proposition shall consist of the following  
21 question:

22 "Which of the following types of gambling shall be  
23 conducted at the horse racetrack enclosure:

- 24 a. Slot machines only.
- 25 b. Pari-mutuel wagering only.
- 26 c. Both slot machines and pari-mutuel wagering."

27 The type or types of gambling receiving the highest number  
28 of the total votes cast on the proposition shall be conducted  
29 at the horse racetrack enclosure.

30 2. a. Notwithstanding section 99D.9 or 99F.4A, if the  
31 proposition to operate gambling games at a horse racetrack  
32 enclosure is approved by the county electorate pursuant to  
33 section 99F.7, subsection 10, paragraph "d", at the general  
34 election held in 2002, the commission shall transfer the pari-  
35 mutuel wagering and gambling game licenses at the horse

1 racetrack enclosure to a public board of directors consisting  
2 of the following members:

3 (1) The members of the board of supervisors of the county  
4 in which the licensed horse racetrack enclosure is located.

5 (2) One member of the board of supervisors of each county  
6 adjacent to the county in which the licensed horse racetrack  
7 enclosure is located. The member shall be selected by the  
8 board of supervisors of each adjacent county for a term of  
9 office as determined by each respective board of supervisors.

10 (3) The mayor and one member of the city council of each  
11 city having a population of twenty-five thousand or more that  
12 is located in the county in which the licensed horse racetrack  
13 enclosure is located. The council member shall be selected by  
14 the city council of each affected city for a term of office as  
15 determined by each respective city council.

16 (4) One mayor and two city council members selected from  
17 and representing all of the cities having a population of less  
18 than twenty-five thousand within the county in which the horse  
19 racetrack enclosure is located. The mayor and the two city  
20 council members shall be selected by a conference of all city  
21 council members from the affected cities. The date, time, and  
22 location of a conference shall be determined by a joint  
23 declaration of the mayors of the affected cities. The terms  
24 of office of the mayor and the two council members shall be  
25 determined by the conference.

26 b. A vacancy on the board of directors shall be filled in  
27 the same manner as the predecessor was selected.

28 3. a. The board of directors created pursuant to  
29 subsection 2 shall organize annually by the election of a  
30 chairperson, vice chairperson, and other officers as deemed  
31 necessary from among its members. The initial meeting of the  
32 board shall be called by the chairperson of the board of  
33 supervisors of the county in which the horse racetrack  
34 enclosure is located. The board shall adopt rules of  
35 procedure and take actions as may be reasonable or appropriate

1 to supervise and administer the gambling game operations of  
2 the racetrack enclosure.

3 b. Notwithstanding section 99F.6, subsection 4, paragraph  
4 "a", the board of directors shall determine the annual subsidy  
5 of purses or supplements for horse races, if any.

6 EXPLANATION

7 This bill provides that if the referendum to approve  
8 continuation of gambling games at a horse racetrack enclosure  
9 at the 2002 general election is successful, and upon petition  
10 of the eligible voters of the county equal in number to at  
11 least 10 percent of the votes cast in the county for governor  
12 at the 2002 general election, the board of supervisors shall  
13 submit a second proposition on gambling options at the horse  
14 racetrack enclosure to the county electorate. The petition  
15 must be submitted within 90 days after the general election  
16 approving continuation of gambling games at the horse  
17 racetrack enclosure. The petition shall comply with Code  
18 section 331.306, except that the board of supervisors shall  
19 notify the commissioner of elections to schedule the special  
20 election within 180 days of the 2002 general election. The  
21 gambling options are slot machines only, pari-mutuel wagering  
22 only, or both slot machines and pari-mutuel wagering. The  
23 gambling option receiving the highest number of votes shall be  
24 implemented at the horse racetrack enclosure.

25 In addition, if the continuation of gambling games is  
26 approved at the general election in 2002, the state racing and  
27 gaming commission shall transfer the pari-mutuel wagering and  
28 gambling games licenses at the horse racetrack enclosure to a  
29 public board of directors composed of elected county and city  
30 elected officers. The public board of directors shall include  
31 the members of the board of supervisors of the county in which  
32 the horse racetrack enclosure is located, a member of the  
33 board of supervisors of each county adjacent to the county in  
34 which the horse racetrack enclosure is located, the mayor and  
35 one member of the city council of each city having a

1 population of 25,000 or more, which is located in the county  
 2 in which the horse racetrack enclosure is located, and one  
 3 mayor and two city council members selected from and  
 4 representing all of the cities having a population of less  
 5 than 25,000 that are located in the county in which the horse  
 6 racetrack enclosure is located. The members of the boards of  
 7 supervisors representing the adjacent counties shall be  
 8 selected by their respective boards of supervisors and the  
 9 mayor and one member of the city council of each city having a  
 10 population of 25,000 or more shall be selected by their  
 11 respective city councils. One mayor and two city council  
 12 members representing all of the cities having a population of  
 13 less than 25,000 shall be selected by a conference of all city  
 14 council members of those cities. The terms of office shall be  
 15 determined, and vacancies shall be filled, by the respective  
 16 appointing authorities.

17 The board of directors shall organize annually by selecting  
 18 a chairperson, vice chairperson, and other officers deemed  
 19 necessary. The chairperson of the county board of supervisors  
 20 of the county in which the horse racetrack enclosure is  
 21 located shall call the initial meeting of the board of  
 22 directors. The board shall adopt rules of procedure and take  
 23 actions as may be reasonable or appropriate to supervise and  
 24 administer the gambling operations of the horse racetrack  
 25 enclosure. The board is also responsible for determining the  
 26 annual subsidy of purses or supplements for horse races, if  
 27 any.

28  
 29  
 30  
 31  
 32  
 33  
 34  
 35

3/20/02 Rereferred To: State Gov.

FEB 28 2002  
Place On Calendar

HOUSE FILE 2581  
BY COMMITTEE ON STATE  
GOVERNMENT

(SUCCESSOR TO HSB 698)

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

**A BILL FOR**

1 An Act relating to a referendum to determine the type of gambling  
2 to be conducted at horse racetrack enclosures, creating a  
3 governing board, and specifying the duties of the governing  
4 board.

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

- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22

HF 2581

1 Section 1. NEW SECTION. 99F.7A GAMBLING GAMES AT HORSE  
2 RACETRACK ENCLOSURES -- PROPOSITIONS AND GOVERNANCE.

3 1. If a proposition to operate gambling games at a horse  
4 racetrack enclosure is approved by a majority of the county  
5 electorate voting on the proposition at the general election  
6 held in 2002 pursuant to section 99F.7, subsection 10,  
7 paragraph "d", and upon petition of the eligible voters of the  
8 county equal in number to at least ten percent of the votes  
9 cast in the county for the office of governor at the 2002  
10 general election, requesting that the board of supervisors to  
11 the county electorate submit a second proposition on the type  
12 or types of gambling to be authorized at the horse racetrack  
13 enclosure. The petition shall be filed with the board of  
14 supervisors within ninety days after the 2002 general election  
15 approving continuation of operation of gambling games at the  
16 horse racetrack enclosure and shall comply with section  
17 331.306, except that the board of supervisors shall notify the  
18 commissioner of elections to schedule the special election  
19 within one hundred eighty days of the 2002 general election.  
20 The second proposition shall consist of the following  
21 question:

22 "Which of the following types of gambling shall be  
23 conducted at the horse racetrack enclosure:

- 24 a. Slot machines only.
- 25 b. Pari-mutuel wagering only.
- 26 c. Both slot machines and pari-mutuel wagering."

27 The type or types of gambling receiving the highest number  
28 of the total votes cast on the proposition shall be conducted  
29 at the horse racetrack enclosure.

30 2. a. Notwithstanding section 99D.9 or 99F.4A, if the  
31 proposition to operate gambling games at a horse racetrack  
32 enclosure is approved by the county electorate pursuant to  
33 section 99F.7, subsection 10, paragraph "d", at the general  
34 election held in 2002, the commission shall transfer the pari-  
35 mutuel wagering and gambling game licenses at the horse

1 racetrack enclosure to a public board of directors consisting  
2 of the following members:

3 (1) The members of the board of supervisors of the county  
4 in which the licensed horse racetrack enclosure is located.

5 (2) One member of the board of supervisors of each county  
6 adjacent to the county in which the licensed horse racetrack  
7 enclosure is located. The member shall be selected by the  
8 board of supervisors of each adjacent county for a term of  
9 office as determined by each respective board of supervisors.

10 (3) The mayor and one member of the city council of each  
11 city having a population of twenty-five thousand or more that  
12 is located in the county in which the licensed horse racetrack  
13 enclosure is located. The council member shall be selected by  
14 the city council of each affected city for a term of office as  
15 determined by each respective city council.

16 (4) One mayor and two city council members selected from  
17 and representing all of the cities having a population of less  
18 than twenty-five thousand within the county in which the horse  
19 racetrack enclosure is located. The mayor and the two city  
20 council members shall be selected by a conference of all city  
21 council members from the affected cities. The date, time, and  
22 location of a conference shall be determined by a joint  
23 declaration of the mayors of the affected cities. The terms  
24 of office of the mayor and the two council members shall be  
25 determined by the conference.

26 b. A vacancy on the board of directors shall be filled in  
27 the same manner as the predecessor was selected.

28 3. a. The board of directors created pursuant to  
29 subsection 2 shall organize annually by the election of a  
30 chairperson, vice chairperson, and other officers as deemed  
31 necessary from among its members. The initial meeting of the  
32 board shall be called by the chairperson of the board of  
33 supervisors of the county in which the horse racetrack  
34 enclosure is located. The board shall adopt rules of  
35 procedure and take actions as may be reasonable or appropriate

1 to supervise and administer the gambling game operations of  
2 the racetrack enclosure.

3 b. Notwithstanding section 99F.6, subsection 4, paragraph  
4 "a", the board of directors shall determine the annual subsidy  
5 of purses or supplements for horse races, if any.

6 EXPLANATION

7 This bill provides that if the referendum to approve  
8 continuation of gambling games at a horse racetrack enclosure  
9 at the 2002 general election is successful, and upon petition  
10 of the eligible voters of the county equal in number to at  
11 least 10 percent of the votes cast in the county for governor  
12 at the 2002 general election, the board of supervisors shall  
13 submit a second proposition on gambling options at the horse  
14 racetrack enclosure to the county electorate. The petition  
15 must be submitted within 90 days after the general election  
16 approving continuation of gambling games at the horse  
17 racetrack enclosure. The petition shall comply with Code  
18 section 331.306, except that the board of supervisors shall  
19 notify the commissioner of elections to schedule the special  
20 election within 180 days of the 2002 general election. The  
21 gambling options are slot machines only, pari-mutuel wagering  
22 only, or both slot machines and pari-mutuel wagering. The  
23 gambling option receiving the highest number of votes shall be  
24 implemented at the horse racetrack enclosure.

25 In addition, if the continuation of gambling games is  
26 approved at the general election in 2002, the state racing and  
27 gaming commission shall transfer the pari-mutuel wagering and  
28 gambling games licenses at the horse racetrack enclosure to a  
29 public board of directors composed of elected county and city  
30 elected officers. The public board of directors shall include  
31 the members of the board of supervisors of the county in which  
32 the horse racetrack enclosure is located, a member of the  
33 board of supervisors of each county adjacent to the county in  
34 which the horse racetrack enclosure is located, the mayor and  
35 one member of the city council of each city having a

1 population of 25,000 or more, which is located in the county  
2 in which the horse racetrack enclosure is located, and one  
3 mayor and two city council members selected from and  
4 representing all of the cities having a population of less  
5 than 25,000 that are located in the county in which the horse  
6 racetrack enclosure is located. The members of the boards of  
7 supervisors representing the adjacent counties shall be  
8 selected by their respective boards of supervisors and the  
9 mayor and one member of the city council of each city having a  
10 population of 25,000 or more shall be selected by their  
11 respective city councils. One mayor and two city council  
12 members representing all of the cities having a population of  
13 less than 25,000 shall be selected by a conference of all city  
14 council members of those cities. The terms of office shall be  
15 determined, and vacancies shall be filled, by the respective  
16 appointing authorities.

17 The board of directors shall organize annually by selecting  
18 a chairperson, vice chairperson, and other officers deemed  
19 necessary. The chairperson of the county board of supervisors  
20 of the county in which the horse racetrack enclosure is  
21 located shall call the initial meeting of the board of  
22 directors. The board shall adopt rules of procedure and take  
23 actions as may be reasonable or appropriate to supervise and  
24 administer the gambling operations of the horse racetrack  
25 enclosure. The board is also responsible for determining the  
26 annual subsidy of purses or supplements for horse races, if  
27 any.

28  
29  
30  
31  
32  
33  
34  
35

# Legislative Fiscal Bureau

## Fiscal Note

---

HF 2581 - Gambling Referendum (LSB 6852 HV)

Analyst: Ron Robinson (Phone: (515) 281-6256) (ron.robinson@legis.state.ia.us)

Fiscal Note Version - New

---

### Description

House File 2581 provides that if the referendum to approve the continuation of gambling games at the horse racetrack enclosure at the 2002 general election is successful, and upon petition of the eligible voters in Polk County equal to at least 10.0% of the votes cast for governor in Polk County at the 2002 general election, the Polk County Board of Supervisors must call for a second vote on gambling options at the horse racetrack.

The gambling options are; slot machines only, pari-mutuel wagering only, or both. The gambling option receiving the highest number of votes must be implemented at the horse racetrack enclosure.

### Assumptions

- The Bill will only have a fiscal impact if the first vote approves the continuation of gambling games at Prairie Meadows.
- Since the first vote approved the continuation of gambling games, the second vote will approve the continuation of gambling games at Prairie Meadows.
- A vote at the second referendum approving the continuation of both, slot machines and pari-mutuel wagering, will be no change from the current situation and, therefore, will have no fiscal impact.
- The second vote will not approve the continuation of pari-mutuel.
- The only horse racetrack enclosure is Prairie Meadows, located in Polk County.
- Section 99D.15(2), Code of Iowa, provides a 6.0% tax credit at the horse racetrack enclosure if gross wagered is under \$90.0 million.
- The horse racetrack enclosure does not pay the pari-mutuel tax due to the tax credit.
- Attendance at Prairie Meadows increases by approximately 2,000 people on racing days.
- There are 118 racing days.
- The per capita loss at Prairie Meadows' slot machines is \$55.00.
- The wagering tax rate on adjusted gross receipts over \$3.0 million is 32.0% and will increase 2.0% on January 1, 2003, and will increase to 36.0% on January 1, 2004.
- Fines at Prairie Meadows average \$21,000 per year and are deposited to the General Fund.
- Prairie Meadows pays approximately \$44,000 to the General Fund to cover Occupational License Fees each year.
- State gaming revenues in excess of \$145.0 million are deposited in the Rebuild Iowa Infrastructure Fund (RIIF) in FY 2002, \$155.0 million in FY 2003, and \$150.0 million in FY 2004.
- Daily License Fees are included in the calculation of the amount to be deposited in the RIIF, amounting to an estimated \$73,000 each year.
- The Iowa Racing and Gaming Commission incur approximately \$308,000 in non-reimbursed expenses each year to monitor Prairie Meadows.
- The Iowa Division of Criminal Investigation incurs approximately \$13,000 in non-reimbursed expenses each year to monitor Prairie Meadows.
- Horse racing would end July 1, 2004.

### **Fiscal Impact**

The fiscal impact of HF 2581 would be a cost savings to the General Fund of approximately \$257,000 for FY 2004 and each year thereafter. This includes a decrease of approximately \$65,000 in revenue each year from the loss of fines and Occupational Licensing Fees, and a General Fund savings of approximately \$322,000 each year from not having to provide monitoring at Prairie Meadows by the Division of Criminal Investigation and the Iowa Racing and Gaming Commission.

The fiscal impact of HF 2581 on the Rebuild Iowa Infrastructure Fund (RIIF) would be a decrease in revenue of approximately \$4.6 million in FY 2004, and \$4.7 million in FY 2005 and each year thereafter. This includes a reduction in revenue to the RIIF of approximately \$73,000 in FY 2004, and each year thereafter, from the loss of the Daily Licensing Fees, and approximately \$4.5 million in FY 2004 and \$4.7 million in FY 2005 from the loss to the State from the Wagering Tax.

### **Sources**

The Iowa Racing and Gaming Commission  
Division of Criminal Investigation  
Racing Association of Central Iowa

/s/ Dennis C Prouty

---

March 18, 2002

---

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

---