

APR 28 2003
WAYS AND MEANS

HOUSE FILE 696
BY GIPP and MYERS

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

A BILL FOR

1 An Act relating to the payment of taxes and payment of financial
2 consideration on a contractual basis to the state from
3 adjusted gross receipts from gambling games at racetrack
4 enclosures and providing an effective date.

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

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HF 696

1 Section 1. NEW SECTION. 99F.4C GAMBLING GAMES AT PARI-
2 MUTUEL RACETRACKS -- OPERATING AGREEMENT.

3 1. The commission shall offer each licensee authorized to
4 conduct, and conducting, gambling games at a pari-mutuel
5 racetrack enclosure the opportunity to enter into an operating
6 agreement pursuant to the requirements of this section which
7 offer shall be extended to each licensee for a period of time
8 no longer than ten days from the effective date of this Act.

9 2. The operating agreement offered to each licensee shall
10 provide for all of the following:

11 a. The agreement shall be binding on any successors and
12 assigns of a licensee entering into an agreement pursuant to
13 this section.

14 b. The agreement shall provide that the licensee shall
15 comply with all statutory and administrative requirements
16 otherwise applicable to licensees who are authorized to
17 conduct gambling games at a pari-mutuel racetrack enclosure.

18 c. The term of the agreement shall be for a period of five
19 years with an option, at the discretion of the licensee, to
20 renew the agreement for an additional five years, subject to
21 earlier termination of the agreement if a referendum required
22 pursuant to section 99F.7, subsection 10, does not approve
23 continued operation of gambling games.

24 d. The agreement shall provide for payment by the licensee
25 of operating agreement consideration to the commission on a
26 weekly basis based upon the adjusted gross receipts from
27 gambling games at the licensee's racetrack enclosure to be
28 calculated as provided in section 99F.4D. In addition, the
29 agreement shall provide for the payment, by June 30, 2003, of
30 an initial operating agreement consideration to the commission
31 by a licensee of an amount equal to ten percent on any amount
32 of adjusted gross receipts received by the licensee for the
33 fiscal year beginning July 1, 2002, over three million
34 dollars.

35 e. If the licensee breaches the agreement, the agreement

1 shall be terminated following written notice mailed to the
2 licensee by the commission and opportunity to cure the breach
3 within a reasonable period of time.

4 f. (1) The licensee shall agree to waive any right to a
5 refund of any taxes collected pursuant to section 99F.11 if
6 such refund is ultimately deemed owing pursuant to the
7 litigation entitled Racing Association of Central Iowa v.
8 Fitzgerald, 648 N.W.2d 555 (Iowa 2002).

9 (2) The payment of an initial operating agreement
10 consideration by June 30, 2003, by a licensee shall be deemed
11 in full satisfaction of any additional tax owed by such
12 licensee pursuant to section 99F.11 if such additional tax is
13 ultimately deemed owing pursuant to the litigation entitled
14 Racing Association of Central Iowa v. Fitzgerald, 648 N.W.2d
15 555 (Iowa 2002).

16 g. The consideration received by the commission pursuant
17 to the agreement shall be in lieu of all taxes imposed on the
18 licensee under section 99F.11 on account of adjusted gross
19 receipts from gambling games at the licensee's racetrack
20 enclosure and the provisions of section 99F.4A, subsection 6,
21 and section 99F.11 are not applicable to the licensee.
22 Consideration received by the commission shall be immediately
23 paid by the commission to the treasurer of state and
24 distributed in the same manner as taxes collected pursuant to
25 section 99F.11, including the applicable provisions of section
26 8.57 and section 99E.10, subsection 3.

27 h. The operating agreement as to a licensee shall not
28 become effective until each licensee receiving an offer to
29 enter into an agreement pursuant to this section has entered
30 into such an agreement.

31 3. Except as specifically provided by this section, an
32 operating agreement entered into with a licensee pursuant to
33 the requirements of this section shall not supersede or modify
34 any other provision of law governing licensees of gambling
35 games at a pari-mutuel racetrack enclosure, including, but not

1 limited to, any provision of law restricting the types of
2 gambling games that can be conducted by licensees.

3 Sec. 2. NEW SECTION. 99F.4D GAMBLING GAMES AT PARI-
4 MUTUEL RACETRACKS -- OPERATING AGREEMENT CONSIDERATION.

5 1. For purposes of this section:

6 a. "Adjusted receipts amount" means the total amount of
7 the adjusted gross receipts tax collected by the treasurer of
8 state pursuant to section 99F.11 and operating agreement
9 consideration that would be collected by the commission on
10 adjusted gross receipts over three million dollars from
11 gambling games without consideration of any racetrack
12 enclosure credit that is credited during that fiscal year.

13 b. "Base receipts amount" means the total amount of the
14 adjusted gross receipts tax collected by the treasurer of
15 state pursuant to section 99F.11 and operating agreement
16 consideration collected by the commission for the fiscal year
17 beginning July 1, 2002, from taxes imposed and operating
18 agreement consideration collected on adjusted gross receipts
19 over three million dollars from gambling games.

20 c. "Operating agreement consideration" means the
21 consideration required to be paid pursuant to an operating
22 agreement entered into pursuant to section 99F.4C and
23 calculated as provided by this section on adjusted gross
24 receipts from gambling games by a licensee authorized to
25 conduct gambling games at a racetrack enclosure.

26 d. "Racetrack percentage" means, for a racetrack
27 enclosure, the percentage calculated by dividing the operating
28 agreement consideration amount of the racetrack enclosure by
29 the total operating agreement consideration amount for all
30 racetrack enclosures.

31 2. a. Operating agreement consideration shall be
32 calculated based upon adjusted gross receipts received each
33 fiscal year from gambling games at racetrack enclosures to
34 include an amount equal to five percent on the first one
35 million dollars of adjusted gross receipts, an amount equal to

1 ten percent on the next two million dollars of adjusted gross
2 receipts, and an amount, based on the following percentages
3 and credits, on any amount of adjusted gross receipts over
4 three million dollars calculated as provided in paragraph "b".

5 b. For the fiscal year beginning July 1, 2003, and each
6 succeeding fiscal year, thirty percent, subject to a racetrack
7 enclosure credit on operating agreement consideration imposed
8 in the subsequent fiscal year as calculated pursuant to this
9 paragraph. For purposes of this paragraph, the racetrack
10 enclosure credit for each racetrack enclosure shall be
11 calculated by multiplying the racetrack percentage for that
12 racetrack enclosure by the all-racetracks credit amount. The
13 all-racetracks credit amount is the lesser of the following:

14 (1) One-half of the difference, if positive, between the
15 adjusted receipts amount for a fiscal year and the base
16 receipts amount.

17 (2) The maximum credit amount. The maximum credit amount
18 is an amount, for the applicable fiscal year, equal to the
19 total, for all racetrack enclosures, of ten percent of
20 adjusted gross receipts over three million dollars from
21 gambling games from each racetrack enclosure.

22 Sec. 3. Section 99F.11, Code 2003, is amended to read as
23 follows:

24 99F.11 WAGERING TAX -- RATE -- ALLOCATIONS.

25 1. For purposes of this section:

26 a. "Adjusted receipts amount" means the total amount of
27 the adjusted gross receipts tax collected by the treasurer of
28 state and operating agreement consideration that would be
29 collected by the commission on adjusted gross receipts over
30 three million dollars from gambling games without
31 consideration of any racetrack enclosure tax credit that is
32 credited during that fiscal year.

33 b. "Base receipts amount" means the total amount of the
34 adjusted gross receipts tax collected by the treasurer of
35 state and operating agreement consideration collected by the

1 commission for the fiscal year beginning July 1, 2002, from
2 taxes imposed and operating agreement consideration collected
3 on adjusted gross receipts over three million dollars from
4 gambling games.

5 c. "Operating agreement consideration" means the
6 consideration required to be paid pursuant to an operating
7 agreement entered into pursuant to section 99F.4C and
8 calculated as provided by section 99F.4D on adjusted gross
9 receipts from gambling games by a licensee authorized to
10 conduct gambling games at a racetrack enclosure.

11 d. "Racetrack percentage" means, for a racetrack
12 enclosure, the percentage calculated by dividing the adjusted
13 receipts amount of the racetrack enclosure by the total
14 adjusted receipts amount for all racetrack enclosures.

15 2. A tax is imposed on the adjusted gross receipts
16 received annually each fiscal year from gambling games
17 authorized under this chapter at the rate of five percent on
18 the first one million dollars of adjusted gross receipts, at
19 the rate of ten percent on the next two million dollars of
20 adjusted gross receipts, and at the rate of twenty percent on
21 any amount of adjusted gross receipts over three million
22 dollars.

23 3. a. However, beginning January 1, 1997 Notwithstanding
24 any provision of subsection 2 to the contrary, the tax rate on
25 any amount of adjusted gross receipts over three million
26 dollars from gambling games at racetrack enclosures is twenty-
27 two-percent-and-shall-increase-by-two-percent-each-succeeding
28 calendar-year-until-the-rate-is-thirty-six-percent shall be as
29 follows:

30 b. For the fiscal year beginning July 1, 2003, and each
31 succeeding fiscal year, thirty percent, subject to a racetrack
32 enclosure tax credit on taxes imposed in the subsequent fiscal
33 year as calculated pursuant to this paragraph. For purposes
34 of this paragraph, the racetrack enclosure tax credit for each
35 racetrack enclosure shall be calculated by multiplying the

1 racetrack percentage for that racetrack enclosure by the all-
2 racetracks tax credit amount. The all-racetracks tax credit
3 amount is the lesser of the following:

4 (1) One-half of the difference, if positive, between the
5 adjusted receipts amount for a fiscal year and the base
6 receipts amount.

7 (2) The maximum credit amount. The maximum credit amount
8 is an amount, for the applicable fiscal year, equal to the
9 total, for all racetrack enclosures, of ten percent of
10 adjusted gross receipts over three million dollars from
11 gambling games from all racetrack enclosures.

12 4. The taxes imposed by this section shall be paid by the
13 licensee to the treasurer of state within ten days after the
14 close of the day when the wagers were made and shall be
15 distributed as follows:

16 1- a. If the gambling excursion originated at a dock
17 located in a city, one-half of one percent of the adjusted
18 gross receipts shall be remitted to the treasurer of the city
19 in which the dock is located and shall be deposited in the
20 general fund of the city. Another one-half of one percent of
21 the adjusted gross receipts shall be remitted to the treasurer
22 of the county in which the dock is located and shall be
23 deposited in the general fund of the county.

24 2- b. If the gambling excursion originated at a dock
25 located in a part of the county outside a city, one-half of
26 one percent of the adjusted gross receipts shall be remitted
27 to the treasurer of the county in which the dock is located
28 and shall be deposited in the general fund of the county.
29 Another one-half of one percent of the adjusted gross receipts
30 shall be remitted to the treasurer of the Iowa city nearest to
31 where the dock is located and shall be deposited in the
32 general fund of the city.

33 3- c. Three-tenths of one percent of the adjusted gross
34 receipts shall be deposited in the gambling treatment fund
35 specified in section 99E.10, subsection 1, paragraph "a".

1 ~~4~~ d. The remaining amount of the adjusted gross receipts
2 tax shall be credited to the general fund of the state.

3 Sec. 4. EFFECTIVE DATE. This Act, being deemed of
4 immediate importance, takes effect upon enactment.

5 EXPLANATION

6 This bill provides for that portion of adjusted gross
7 receipts received each fiscal year from gambling games at
8 racetrack enclosures that are to be paid by racetrack
9 licensees to the state. Current statute provides that the
10 rate of tax paid on receipts over \$3 million each calendar
11 year for racetrack enclosures shall increase by 2 percentage
12 points each year until reaching 36 percent for calendar year
13 2004.

14 The bill amends Code section 99F.11, providing for the
15 wagering tax on gambling games on excursion boats and
16 racetrack enclosures. The amendment to Code section 99F.11
17 first provides that the taxes paid for both excursion boats
18 and racetracks shall be on a fiscal year, and not a calendar
19 year, basis. The bill then provides, beginning with the
20 fiscal year beginning July 1, 2003, that for racetrack
21 enclosures, the tax rate on adjusted gross receipts over \$3
22 million shall be 30 percent, subject to a racetrack credit on
23 the tax to be payable by the racetrack in the following fiscal
24 year. The credit shall be calculated by comparing the
25 revenues collected by the treasurer of state on gambling games
26 from both racetracks and excursion gambling boats for the
27 fiscal year beginning July 1, 2002, the base year, with the
28 revenues collected, without consideration of any credit paid,
29 in the fiscal year in which the credit is to be calculated.
30 The bill provides that all racetracks will get a total credit
31 equal to one-half of the difference in tax and consideration
32 revenues, if positive, between the base year tax and
33 consideration revenues and the tax and consideration revenues
34 in the current fiscal year. The bill provides, however, that
35 the maximum credit to all racetracks shall be an amount equal

1 to the total, from all racetracks, of 10 percent of adjusted
2 gross receipts over \$3 million from each racetrack enclosure.
3 The bill provides that the credit shall be divided amongst
4 racetrack enclosures based upon each racetrack's percentage of
5 the total tax and consideration all racetracks paid.

6 The bill creates new Code sections 99F.4C and 99F.4D which
7 provide, however, that the tax rates provided in Code section
8 99F.11, as modified by this bill, shall not apply if all
9 racetrack enclosures licensed to conduct gambling games enter
10 into an operating agreement with the racing and gaming
11 commission as provided by the new sections. The new Code
12 sections provide that the commission shall offer each
13 racetrack licensee the opportunity to enter into an operating
14 agreement based upon the requirements of new Code section
15 99F.4C which offer shall be extended for 10 days following the
16 effective date of this bill. The bill provides that the terms
17 of the agreement as to a licensee shall provide that the
18 agreement shall be binding on all successors and assigns of
19 the licensee, that the licensee shall still comply with all
20 other provisions of law applicable to the licensee, that the
21 agreement shall be for a term of five years, with an option on
22 behalf of the licensee to extend it for an additional five
23 years, that the licensee pay to the commission an operating
24 agreement consideration, in lieu of taxes under Code section
25 99F.11, calculated in the same manner as provided by Code
26 section 99F.11 as modified in this bill, and that the licensee
27 and the state shall waive any claim for a refund or additional
28 taxes that may be due or owing pursuant to the outcome of the
29 gambling tax litigation entitled Racing Association of Central
30 Iowa v. Fitzgerald, 648 N.W.2d 555 (Iowa 2002). The bill also
31 provides that the agreement shall provide that each licensee
32 pay an initial operating agreement consideration to the
33 commission by June 30, 2003, in an amount equal to 10 percent
34 on any amount of adjusted gross receipts received by the
35 licensee for the fiscal year beginning July 1, 2002, over \$3

1 million. The bill further provides that an agreement with a
2 licensee shall not become effective until all applicable
3 licensees enter into an agreement. The bill further provides
4 that the operating agreement shall not supersede or modify any
5 provision of law governing licensees of gambling games at
6 racetracks, including the types of gambling games authorized.

7 The bill takes effect upon enactment.

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HOUSE FILE 696

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H-1508

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1 Amend House File 696 as follows:
2 1. Page 2, line 6, by inserting after the words
3 "pursuant to the" the following: "final decision in
4 the".
5 2. Page 2, line 8, by inserting after the word
6 "Fitzgerald," the following: "and which is cited at".
7 3. Page 2, line 13, by inserting after the words
8 "pursuant to the" the following: "final decision in
9 the".
10 4. Page 2, line 14, by inserting after the word
11 "Fitzgerald," the following: "and which is cited at".

By EICHHORN of Hamilton
HANSEN of Pottawattamie

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H-1508 FILED APRIL 29, 2003
ADOPTED 4/29

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HOUSE FILE 696

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H-1511

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1 Amend House File 696 as follows:
2 1. Page 6, line 11, by striking the words "all
3 racetrack enclosures" and inserting the following:
4 "each racetrack enclosure".

By HOGG of Linn

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H-1511 FILED APRIL 29, 2003
ADOPTED

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HOUSE FILE 696

H-1512

- 1 Amend House File 696 as follows:
2 1. Page 3, by inserting after line 19 the
3 following:
4 "c. "Credit percentage" means the percentage equal
5 to thirty percent minus the rate of tax on any amount
6 of adjusted gross receipts from gambling games over
7 three million dollars as provided in section 99F.11,
8 subsection 2."
9 2. Page 3, line 20, by striking the letter "c.",
10 and inserting the following: "d."
11 3. Page 3, line 26, by striking the letter "d.",
12 and inserting the following: "e."
13 4. Page 4, line 19, by striking the words "ten
14 percent of", and inserting the following: "an amount
15 from each racetrack enclosure equal to the credit
16 percentage multiplied by the".
17 5. Page 4, line 21, by striking the word "each",
18 and inserting the following: "that".
19 6. Page 5, by inserting after line 4 the
20 following:
21 "c. "Credit percentage" means the percentage equal
22 to thirty percent minus the rate of tax on any amount
23 of adjusted gross receipts from gambling games over
24 three million dollars as provided in subsection 2."
25 7. Page 5, line 5, by striking the letter "c.",
26 and inserting the following: "d."
27 8. Page 5, line 11, by striking the letter "d.",
28 and inserting the following: "e."
29 9. Page 6, line 9, by striking the words "ten
30 percent of", and inserting the following: "an amount
31 from each racetrack enclosure equal to the credit
32 percentage multiplied by the".
33 10. Page 6, line 11, by striking the words "all
34 racetrack enclosures", and inserting the following:
35 "that racetrack enclosure".
36 11. By renumbering as necessary.

By HOGG of Linn

H-1512 FILED APRIL 29, 2003

LOST

HOUSE FILE 696

H-1513

- 1 Amend House File 696 as follows:
2 1. Page 2, line 3, by inserting after the words
3 "period of time." the following: "If the licensee has
4 failed to cure the breach and the commission, after
5 reasonable notice and hearing, finds that the breach
6 was intentional, the commission may terminate the
7 licensee's license to conduct gambling games at its
8 pari-mutuel racetrack enclosure."

By HOGG of Linn

H-1513 FILED APRIL 29, 2003

LOST

(As Amended and Passed by the House April 29, 2003)

Passed House, Date 4/29/03 Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the payment of taxes and payment of financial
2 consideration on a contractual basis to the state from
3 adjusted gross receipts from gambling games at racetrack
4 enclosures and providing an effective date.

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

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House Amendments _____

HF 696

1 Section 1. NEW SECTION. 99F.4C GAMBLING GAMES AT PARI-
2 MUTUEL RACETRACKS -- OPERATING AGREEMENT.

3 1. The commission shall offer each licensee authorized to
4 conduct, and conducting, gambling games at a pari-mutuel
5 racetrack enclosure the opportunity to enter into an operating
6 agreement pursuant to the requirements of this section which
7 offer shall be extended to each licensee for a period of time
8 no longer than ten days from the effective date of this Act.

9 2. The operating agreement offered to each licensee shall
10 provide for all of the following:

11 a. The agreement shall be binding on any successors and
12 assigns of a licensee entering into an agreement pursuant to
13 this section.

14 b. The agreement shall provide that the licensee shall
15 comply with all statutory and administrative requirements
16 otherwise applicable to licensees who are authorized to
17 conduct gambling games at a pari-mutuel racetrack enclosure.

18 c. The term of the agreement shall be for a period of five
19 years with an option, at the discretion of the licensee, to
20 renew the agreement for an additional five years, subject to
21 earlier termination of the agreement if a referendum required
22 pursuant to section 99F.7, subsection 10, does not approve
23 continued operation of gambling games.

24 d. The agreement shall provide for payment by the licensee
25 of operating agreement consideration to the commission on a
26 weekly basis based upon the adjusted gross receipts from
27 gambling games at the licensee's racetrack enclosure to be
28 calculated as provided in section 99F.4D. In addition, the
29 agreement shall provide for the payment, by June 30, 2003, of
30 an initial operating agreement consideration to the commission
31 by a licensee of an amount equal to ten percent on any amount
32 of adjusted gross receipts received by the licensee for the
33 fiscal year beginning July 1, 2002, over three million
34 dollars.

35 e. If the licensee breaches the agreement, the agreement

1 shall be terminated following written notice mailed to the
2 licensee by the commission and opportunity to cure the breach
3 within a reasonable period of time.

4 f. (1) The licensee shall agree to waive any right to a
5 refund of any taxes collected pursuant to section 99F.11 if
6 such refund is ultimately deemed owing pursuant to the final
7 decision in the litigation entitled Racing Association of
8 Central Iowa v. Fitzgerald, and which is cited at 648 N.W.2d
9 555 (Iowa 2002).

10 (2) The payment of an initial operating agreement
11 consideration by June 30, 2003, by a licensee shall be deemed
12 in full satisfaction of any additional tax owed by such
13 licensee pursuant to section 99F.11 if such additional tax is
14 ultimately deemed owing pursuant to the final decision in the
15 litigation entitled Racing Association of Central Iowa v.
16 Fitzgerald, and which is cited at 648 N.W.2d 555 (Iowa 2002).

17 g. The consideration received by the commission pursuant
18 to the agreement shall be in lieu of all taxes imposed on the
19 licensee under section 99F.11 on account of adjusted gross
20 receipts from gambling games at the licensee's racetrack
21 enclosure and the provisions of section 99F.4A, subsection 6,
22 and section 99F.11 are not applicable to the licensee.
23 Consideration received by the commission shall be immediately
24 paid by the commission to the treasurer of state and
25 distributed in the same manner as taxes collected pursuant to
26 section 99F.11, including the applicable provisions of section
27 8.57 and section 99E.10, subsection 3.

28 h. The operating agreement as to a licensee shall not
29 become effective until each licensee receiving an offer to
30 enter into an agreement pursuant to this section has entered
31 into such an agreement.

32 3. Except as specifically provided by this section, an
33 operating agreement entered into with a licensee pursuant to
34 the requirements of this section shall not supersede or modify
35 any other provision of law governing licensees of gambling

1 games at a pari-mutuel racetrack enclosure, including, but not
2 limited to, any provision of law restricting the types of
3 gambling games that can be conducted by licensees.

4 Sec. 2. NEW SECTION. 99F.4D GAMBLING GAMES AT PARI-
5 MUTUEL RACETRACKS -- OPERATING AGREEMENT CONSIDERATION.

6 1. For purposes of this section:

7 a. "Adjusted receipts amount" means the total amount of
8 the adjusted gross receipts tax collected by the treasurer of
9 state pursuant to section 99F.11 and operating agreement

10 consideration that would be collected by the commission on
11 adjusted gross receipts over three million dollars from
12 gambling games without consideration of any racetrack
13 enclosure credit that is credited during that fiscal year.

14 b. "Base receipts amount" means the total amount of the
15 adjusted gross receipts tax collected by the treasurer of
16 state pursuant to section 99F.11 and operating agreement
17 consideration collected by the commission for the fiscal year
18 beginning July 1, 2002, from taxes imposed and operating
19 agreement consideration collected on adjusted gross receipts
20 over three million dollars from gambling games.

21 c. "Operating agreement consideration" means the
22 consideration required to be paid pursuant to an operating
23 agreement entered into pursuant to section 99F.4C and
24 calculated as provided by this section on adjusted gross
25 receipts from gambling games by a licensee authorized to
26 conduct gambling games at a racetrack enclosure.

27 d. "Racetrack percentage" means, for a racetrack
28 enclosure, the percentage calculated by dividing the operating
29 agreement consideration amount of the racetrack enclosure by
30 the total operating agreement consideration amount for all
31 racetrack enclosures.

32 2. a. Operating agreement consideration shall be
33 calculated based upon adjusted gross receipts received each
34 fiscal year from gambling games at racetrack enclosures to
35 include an amount equal to five percent on the first one

1 million dollars of adjusted gross receipts, an amount equal to
2 ten percent on the next two million dollars of adjusted gross
3 receipts, and an amount, based on the following percentages
4 and credits, on any amount of adjusted gross receipts over
5 three million dollars calculated as provided in paragraph "b".

6 b. For the fiscal year beginning July 1, 2003, and each
7 succeeding fiscal year, thirty percent, subject to a racetrack
8 enclosure credit on operating agreement consideration imposed
9 in the subsequent fiscal year as calculated pursuant to this
10 paragraph. For purposes of this paragraph, the racetrack

11 enclosure credit for each racetrack enclosure shall be
12 calculated by multiplying the racetrack percentage for that
13 racetrack enclosure by the all-racetracks credit amount. The
14 all-racetracks credit amount is the lesser of the following:

15 (1) One-half of the difference, if positive, between the
16 adjusted receipts amount for a fiscal year and the base
17 receipts amount.

18 (2) The maximum credit amount. The maximum credit amount
19 is an amount, for the applicable fiscal year, equal to the
20 total, for all racetrack enclosures, of ten percent of
21 adjusted gross receipts over three million dollars from
22 gambling games from each racetrack enclosure.

23 Sec. 3. Section 99F.11, Code 2003, is amended to read as
24 follows:

25 99F.11 WAGERING TAX -- RATE -- ALLOCATIONS.

26 1. For purposes of this section:

27 a. "Adjusted receipts amount" means the total amount of
28 the adjusted gross receipts tax collected by the treasurer of
29 state and operating agreement consideration that would be
30 collected by the commission on adjusted gross receipts over
31 three million dollars from gambling games without
32 consideration of any racetrack enclosure tax credit that is
33 credited during that fiscal year.

34 b. "Base receipts amount" means the total amount of the
35 adjusted gross receipts tax collected by the treasurer of

1 state and operating agreement consideration collected by the
2 commission for the fiscal year beginning July 1, 2002, from
3 taxes imposed and operating agreement consideration collected
4 on adjusted gross receipts over three million dollars from
5 gambling games.

6 c. "Operating agreement consideration" means the
7 consideration required to be paid pursuant to an operating
8 agreement entered into pursuant to section 99F.4C and
9 calculated as provided by section 99F.4D on adjusted gross
10 receipts from gambling games by a licensee authorized to
11 conduct gambling games at a racetrack enclosure.

12 d. "Racetrack percentage" means, for a racetrack
13 enclosure, the percentage calculated by dividing the adjusted
14 receipts amount of the racetrack enclosure by the total
15 adjusted receipts amount for all racetrack enclosures.

16 2. A tax is imposed on the adjusted gross receipts
17 received annually each fiscal year from gambling games
18 authorized under this chapter at the rate of five percent on
19 the first one million dollars of adjusted gross receipts, at
20 the rate of ten percent on the next two million dollars of
21 adjusted gross receipts, and at the rate of twenty percent on
22 any amount of adjusted gross receipts over three million
23 dollars.

24 3. a. However, beginning January 1, 1997 Notwithstanding
25 any provision of subsection 2 to the contrary, the tax rate on
26 any amount of adjusted gross receipts over three million
27 dollars from gambling games at racetrack enclosures is twenty-
28 two-percent-and-shall-increase-by-two-percent-each-succeeding
29 calendar-year-until-the-rate-is-thirty-six-percent shall be as
30 follows:

31 b. For the fiscal year beginning July 1, 2003, and each
32 succeeding fiscal year, thirty percent, subject to a racetrack
33 enclosure tax credit on taxes imposed in the subsequent fiscal
34 year as calculated pursuant to this paragraph. For purposes
35 of this paragraph, the racetrack enclosure tax credit for each

1 racetrack enclosure shall be calculated by multiplying the
2 racetrack percentage for that racetrack enclosure by the all-
3 racetracks tax credit amount. The all-racetracks tax credit
4 amount is the lesser of the following:

5 (1) One-half of the difference, if positive, between the
6 adjusted receipts amount for a fiscal year and the base
7 receipts amount.

8 (2) The maximum credit amount. The maximum credit amount
9 is an amount, for the applicable fiscal year, equal to the
10 total, for all racetrack enclosures, of ten percent of
11 adjusted gross receipts over three million dollars from
12 gambling games from each racetrack enclosure.

13 4. The taxes imposed by this section shall be paid by the
14 licensee to the treasurer of state within ten days after the
15 close of the day when the wagers were made and shall be
16 distributed as follows:

17 1- a. If the gambling excursion originated at a dock
18 located in a city, one-half of one percent of the adjusted
19 gross receipts shall be remitted to the treasurer of the city
20 in which the dock is located and shall be deposited in the
21 general fund of the city. Another one-half of one percent of
22 the adjusted gross receipts shall be remitted to the treasurer
23 of the county in which the dock is located and shall be
24 deposited in the general fund of the county.

25 2- b. If the gambling excursion originated at a dock
26 located in a part of the county outside a city, one-half of
27 one percent of the adjusted gross receipts shall be remitted
28 to the treasurer of the county in which the dock is located
29 and shall be deposited in the general fund of the county.
30 Another one-half of one percent of the adjusted gross receipts
31 shall be remitted to the treasurer of the Iowa city nearest to
32 where the dock is located and shall be deposited in the
33 general fund of the city.

34 3- c. Three-tenths of one percent of the adjusted gross
35 receipts shall be deposited in the gambling treatment fund

1 specified in section 99E.10, subsection 1, paragraph "a".

2 ~~4~~ d. The remaining amount of the adjusted gross receipts
3 tax shall be credited to the general fund of the state.

4 Sec. 4. EFFECTIVE DATE. This Act, being deemed of
5 immediate importance, takes effect upon enactment.

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