

SENATE FILE 199
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HOUSER, and KRAMER

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

A BILL FOR

1 An Act providing for gambling on excursion boats and at
2 racetracks, by eliminating the cruise requirement for gambling
3 boats, providing for gambling games at racetrack enclosures
4 and for off-boat facilities, providing for the issuance of
5 additional excursion boat gambling licenses, and relating to
6 the tax on the adjusted gross receipts from gambling games.

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

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SF 199 STATE GOVERNMENT

1 Section 1. Section 99F.1, subsection 9, Code 2003, is
2 amended to read as follows:

3 9. "Gambling game" means any game of chance authorized by
4 the commission. ~~However, for racetrack enclosures, "gambling~~
5 ~~game" does not include table games of chance or video~~
6 ~~machines.~~ "Gambling game" does not include sports betting.

7 Sec. 2. Section 99F.3, Code 2003, is amended to read as
8 follows:

9 99F.3 EXCURSION BOAT GAMBLING AUTHORIZED.

10 The system of wagering on a gambling game as provided by
11 this chapter is legal, when conducted on an excursion gambling
12 boat at authorized locations by a licensee as provided in this
13 chapter. For purposes of this section, "excursion gambling
14 boat" includes a facility that is not a boat, is operated by a
15 licensee of an excursion gambling boat, and is located within
16 the county in which the excursion boat is authorized to
17 operate and within one-quarter mile of the dock of an
18 excursion gambling boat operated by the licensee.

19 Sec. 3. Section 99F.4, subsection 17, Code 2003, is
20 amended to read as follows:

21 17. To define the excursion season and the duration of an
22 excursion. While an excursion gambling boat is docked,
23 passengers may embark or disembark at any time during its
24 business hours. The commission shall not require that an
25 excursion gambling boat leave the dock and cruise in order to
26 operate gambling games on the boat.

27 Sec. 4. Section 99F.7, subsection 1, Code 2003, is amended
28 to read as follows:

29 1. If the commission is satisfied that this chapter and
30 its rules adopted under this chapter applicable to licensees
31 have been or will be complied with, the commission shall issue
32 a license for a period of not more than three years to an
33 applicant to own a gambling game operation and to an applicant
34 to operate an excursion gambling boat. The commission shall
35 decide which of the gambling games authorized under this

1 chapter it will permit. The commission shall decide the
2 number, location, and type of excursion gambling boats
3 licensed under this chapter for operation on the rivers,
4 lakes, and reservoirs of this state. The license shall set
5 forth the name of the licensee, the type of license granted,
6 the place where the excursion gambling boats will operate and
7 dock, and the time and number of days during the excursion
8 season and the off season when gambling may be conducted by
9 the licensee. ~~The commission shall not allow a licensee to~~
10 ~~conduct gambling games on an excursion gambling boat while~~
11 ~~docked during the off season if the licensee does not operate~~
12 ~~gambling excursions for a minimum number of days during the~~
13 ~~excursion season.~~ The commission may delay the commencement
14 of the excursion season at the request of a licensee.

15 Sec. 5. NEW SECTION. 99F.7A LICENSING CERTIFICATE --
16 ISSUANCE -- RENEWALS -- FEES.

17 1. Notwithstanding any provision of this chapter to the
18 contrary, the commission may issue up to three excursion
19 gambling boat licenses in addition to the number of licenses
20 issued as of January 1, 2003, under section 99F.4 to a person
21 holding a valid licensing certificate issued pursuant to the
22 requirements of this section.

23 2. The commission shall establish a process by which up to
24 three licensing certificates will be auctioned to persons who
25 will then be authorized to apply for a license as otherwise
26 provided by this chapter. The auction process shall provide
27 that a minimum bid of a person seeking a licensing certificate
28 applicable to a county with a population according to the most
29 recent federal decennial census of less than one hundred
30 thousand people shall be twenty million dollars and the
31 minimum bid for a person seeking a licensing certificate
32 applicable to all other counties shall be thirty-five million
33 dollars.

34 3. A licensing certificate issued to a person under this
35 section shall be valid for one year from the date of issuance

1 and shall be renewable on an annual basis pursuant to the
2 requirements of this section.

3 4. A person issued a licensing certificate may renew the
4 certificate upon payment of a renewal fee and a determination
5 by the commission that the person is making sufficient
6 progress, pursuant to criteria adopted by the commission by
7 rule, toward establishing and operating a facility that will
8 generate tax revenue pursuant to this chapter. If the
9 commission determines that the person has failed to make
10 sufficient progress, the commission shall not renew the
11 licensing certificate unless the person holding the
12 certificate pays a penalty equal to the amount paid at auction
13 for issuance of the certificate. If a licensing certificate
14 is not renewed under this section, the commission shall
15 auction the certificate to another person in the same manner
16 as the initial licensing certificate was auctioned. The
17 decision of the commission under this subsection constitutes
18 final agency action pursuant to the requirements of chapter
19 17A.

20 5. The commission shall set the renewal fee to be charged
21 as provided in this section in an amount not to exceed the
22 cost to the commission of conducting the necessary
23 investigation to determine eligibility for the renewal of the
24 licensing certificate without penalty.

25 6. The fees and penalties collected pursuant to this
26 section shall be credited to the general fund of the state as
27 provided for license fees in section 99F.4, subsection 2.

28 Sec. 6. Section 99F.11, unnumbered paragraph 1, Code 2003,
29 is amended to read as follows:

30 A tax is imposed on the adjusted gross receipts received
31 annually from gambling games authorized under this chapter at
32 the rate of five percent on the first one million dollars of
33 adjusted gross receipts, at the rate of ten percent on the
34 next two million dollars of adjusted gross receipts, and at
35 the rate of twenty percent on any amount of adjusted gross

1 receipts over three million dollars. However, beginning
2 January 1, 1997, the rate on any amount of adjusted gross
3 receipts over three million dollars from gambling games at
4 racetrack enclosures is twenty-two percent and shall increase
5 by two percent each succeeding calendar year until the rate is
6 thirty-six percent. The taxes imposed by this section shall
7 be paid by the licensee to the treasurer of state within ten
8 days after the close of the day when the wagers were made and
9 shall be distributed as follows:

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EXPLANATION

11 This bill makes changes to several provisions governing
12 gambling on excursion boats and at racetrack enclosures.

13 The bill amends the definition of "gambling game" by
14 eliminating the restriction on table games of chance and video
15 machines at a racetrack enclosure.

16 The bill permits a licensee of an excursion gambling boat
17 to conduct gambling games at a facility that is not a boat if
18 the facility is located within the county in which the
19 licensee is authorized to operate and within one-quarter mile
20 of the dock of the licensee's excursion gambling boat.

21 The bill amends Code section 99F.4, relating to the powers
22 of the racing and gaming commission, to provide that the
23 commission shall not require that an excursion gambling boat
24 cruise in order to operate gambling games.

25 The bill sets the maximum rate of tax on the adjusted gross
26 receipts received annually from gambling games at racetrack
27 enclosures at the same rate applied to excursion gambling
28 boats, 20 percent.

29 The bill establishes new Code section 99F.7A, which
30 authorizes the issuance of three additional excursion gambling
31 boat licenses from the number currently awarded as of January
32 1, 2003. The bill provides that prior to obtaining a license,
33 a person shall obtain a licensing certificate which will then
34 authorize the holder to seek a license. The certificates will
35 be sold at auction by the racing and gaming commission with

1 the minimum bid for a person seeking a license in a county
2 under 100,000 persons set at \$20 million and the minimum bid
3 applicable for all other counties set at \$35 million. The
4 certificate is good for one year and can be renewed upon
5 payment of a renewal fee and a determination that the holder
6 of the license is making sufficient progress toward completing
7 a revenue-generating facility. If the commission determines
8 that the person is not making sufficient progress, the bill
9 provides that the certificate can be renewed upon payment of a
10 penalty equal to the amount bid for that certificate. If a
11 licensing certificate is not renewed, the commission may
12 auction that certificate in the same manner as the initial
13 auction. The bill provides that moneys received pursuant to
14 this new section shall be deposited in the general fund of the
15 state.

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