

FILED MAR 10 '03

SENATE FILE 327
BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO SF 199)

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:

SENATE FILE 327

S-3082

1 Amend Senate File 327 as follows:

2 1. Page 3, by inserting after line 25 the
3 following:

4 "5A. By October 1 of the year following the fiscal
5 year in which a qualifying license is issued, and each
6 October 1 thereafter, the commission shall assess each
7 person holding a qualifying license during the
8 previous fiscal year a lottery revenue replacement fee
9 for that fiscal year to be determined as provided by
10 this subsection pursuant to rules adopted by the
11 commission. The total lottery revenue replacement fee
12 to be assessed in the aggregate to each person holding
13 a qualifying license in the previous fiscal year shall
14 be an amount equal to the difference, if negative, in
15 the revenue deposited in the general fund of the state
16 by the Iowa lottery for the fiscal year prior to the
17 fiscal year in which the first qualifying license is
18 awarded and the fiscal year for which the fee is to be
19 assessed. For purposes of this subsection, a
20 "qualifying license" is a license issued under section
21 99F.4 to a person holding a licensing certificate
22 issued pursuant to the requirements of this section."
23

2. By renumbering as necessary.

By DAVID JOHNSON

S-3082 FILED MARCH 24, 2003

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ec/cf/24

SF 327

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 that may
18 limit the number of licenses that may be issued by the
19 commission, the commission may issue up to three excursion
20 gambling boat licenses in addition to the number of licenses
21 issued as of January 1, 2003, under section 99F.4 to a person
22 holding a valid licensing certificate issued pursuant to the
23 requirements of this section.

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

35 3. A licensing certificate issued to a person under this

1 section shall be valid for one year from the date of issuance
2 and shall be renewable on an annual basis pursuant to the
3 requirements of this section.

4 4. A person issued a licensing certificate may renew the
5 certificate upon payment of a renewal fee and a determination
6 by the commission that the person is making sufficient
7 progress, pursuant to criteria adopted by the commission by
8 rule, toward establishing and operating a facility that will
9 generate tax revenue pursuant to this chapter. If the
10 commission determines that the person has failed to make
11 sufficient progress, the commission shall not renew the
12 licensing certificate unless the person holding the
13 certificate pays a penalty equal to the amount paid at auction
14 for issuance of the certificate. If a licensing certificate
15 is not renewed under this section, the commission shall
16 auction the certificate to another person in the same manner
17 as the initial licensing certificate was auctioned. The
18 decision of the commission under this subsection constitutes
19 final agency action pursuant to the requirements of chapter
20 17A.

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

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

29 7. Nothing in this section shall be construed as requiring
30 the commission to issue a license to a person holding a valid
31 licensing certificate issued pursuant to this section if the
32 requirements of this chapter otherwise applicable to the
33 issuance of a license are not met.

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

1 A tax is imposed on the adjusted gross receipts received
2 annually from gambling games authorized under this chapter at
3 the rate of five percent on the first one million dollars of
4 adjusted gross receipts, at the rate of ten percent on the
5 next two million dollars of adjusted gross receipts, and at
6 the rate of twenty percent on any amount of adjusted gross
7 receipts over three million dollars. However, ~~beginning~~
8 ~~January 17, 1997, the rate on any amount of adjusted gross~~
9 ~~receipts over three million dollars from gambling games at~~
10 ~~racetrack enclosures is twenty-two percent and shall increase~~
11 ~~by two percent each succeeding calendar year until the rate is~~
12 ~~thirty-six percent.~~ The taxes imposed by this section shall
13 be paid by the licensee to the treasurer of state within ten
14 days after the close of the day when the wagers were made and
15 shall be distributed as follows:

16 EXPLANATION

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

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

22 The bill permits a licensee of an excursion gambling boat
23 to conduct gambling games at a facility that is not a boat if
24 the facility is located within the county in which the
25 licensee is authorized to operate and within one-quarter mile
26 of the dock of the licensee's excursion gambling boat.

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

31 The bill sets the maximum rate of tax on the adjusted gross
32 receipts received annually from gambling games at racetrack
33 enclosures at the same rate applied to excursion gambling
34 boats, 20 percent.

35 The bill establishes new Code section 99F.7A, which

1 authorizes the issuance of three additional excursion gambling
2 boat licenses from the number currently awarded as of January
3 1, 2003. The bill provides that prior to obtaining a license,
4 a person shall obtain a licensing certificate which will then
5 authorize the holder to seek a license. The certificates will
6 be sold at auction by the racing and gaming commission with
7 the minimum bid for a person seeking a license in a county
8 under 100,000 persons set at \$20 million and the minimum bid
9 applicable for all other counties set at \$35 million. The
10 certificate is good for one year and can be renewed upon
11 payment of a renewal fee and a determination that the holder
12 of the license is making sufficient progress toward completing
13 a revenue-generating facility. If the commission determines
14 that the person is not making sufficient progress, the bill
15 provides that the certificate can be renewed upon payment of a
16 penalty equal to the amount bid for that certificate. If a
17 licensing certificate is not renewed, the commission may
18 auction that certificate in the same manner as the initial
19 auction. The bill provides that moneys received pursuant to
20 this new section shall be deposited in the general fund of the
21 state. The bill further provides that nothing in the new
22 section shall be construed as requiring the commission to
23 issue a license to a holder of a licensing certificate.

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S-3064

1 Amend Senate File 327 as follows:
2 1. Page 1, by inserting before line 1 the
3 following:
4 "Section 1. Section 99B.7, subsection 1,
5 unnumbered paragraph 1, Code 2003, is amended to read
6 as follows:
7 Except as otherwise provided in section 99B.8,
8 games of skill, games of chance, games using pull-tab
9 tickets, and raffles lawfully may be conducted at a
10 specified location meeting the requirements of
11 subsection 2 of this section, but only if all of the
12 following are complied with:
13 Sec. 2. Section 99B.7, subsection 1, paragraph b,
14 Code 2003, is amended to read as follows:
15 b. No person receives or has any fixed or
16 contingent right to receive, directly or indirectly,
17 any profit, remuneration, or compensation from or
18 related to a game of skill, game of chance, game using
19 pull-tab tickets, or raffle, except any amount which
20 the person may win as a participant on the same basis
21 as the other participants. A person conducting a game
22 or raffle shall not be a participant in the game or
23 raffle.
24 Sec. 3. Section 99B.7, subsection 1, paragraph d,
25 unnumbered paragraph 1, Code 2003, is amended to read
26 as follows:
27 Cash prizes shall not be awarded in games other
28 than bingo, games using pull-tab tickets, and raffles.
29 The value of a prize shall not exceed ten thousand
30 dollars and merchandise prizes shall not be
31 repurchased. If a prize consists of more than one
32 item, unit, or part, the aggregate value of all items,
33 units, or parts shall not exceed ten thousand dollars.
34 However, one raffle may be conducted per calendar year
35 at which real property or one or more merchandise
36 prizes having a combined value of more than ten
37 thousand dollars may be awarded.
38 Sec. 4. Section 99B.7, subsection 2, unnumbered
39 paragraph 1, Code 2003, is amended to read as follows:
40 Games of skill, games of chance, games using pull-
41 tab tickets, and raffles may be conducted on premises
42 owned or leased by the licensee, but shall not be
43 conducted on rented premises unless the premises are
44 rented from a person licensed under this section, and
45 unless the net rent received is dedicated to one or
46 more of the uses permitted under subsection 3 for
47 dedication of net receipts. This subsection shall not
48 apply where the rented premises are those upon which a
49 qualified organization usually carries out a lawful
50 business other than operating games of skill, games of

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1 chance, games using pull-tab tickets, or raffles.
2 However, a qualified organization may rent premises
3 other than from a licensed qualified organization to
4 be used for the conduct of games of skill, games of
5 chance, games using pull-tab tickets, and raffles, and
6 the person from whom the premises are rented may
7 impose and collect rent for such use of those
8 premises, but only if all of the following are
9 complied with:

10 Sec. 5. Section 99B.7, subsection 8, Code 2003, is
11 amended to read as follows:

12 8. A qualified organization licensed under this
13 section shall purchase games using pull-tab tickets
14 and bingo equipment and supplies only from a
15 manufacturer or a distributor licensed by the
16 department.

17 Sec. 6. Section 99B.7A, Code 2003, is amended to
18 read as follows:

19 99B.7A MANUFACTURERS AND DISTRIBUTORS OF PULL-TAB
20 GAMES OR BINGO EQUIPMENT AND SUPPLIES -- LICENSE.

21 A person shall not engage in business as a
22 manufacturer or a distributor of games using pull-tab
23 tickets or bingo equipment and supplies in this state
24 without first obtaining a license from the department.
25 Upon receipt of an application and a fee of one
26 thousand dollars for a manufacturer's license or a fee
27 of five hundred dollars for a distributor's license,
28 the department shall issue an annual license as
29 applicable. The application shall be submitted on
30 forms furnished by the department and contain the
31 information required by rule of the department. A
32 license may be renewed annually upon payment of the
33 annual license fee and compliance with this chapter."

34 2. Title page, line 1, by inserting after the
35 words "providing for" the following: "gambling and
36 bingo, by permitting pull-tab tickets and concerning".

37 3. By renumbering as necessary.

By MIKE CONNOLLY

S-3064 FILED MARCH 19, 2003

S-3067

1 Amend Senate File 327 as follows:

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

4 "Section 1. Section 99F.11, Code 2003, is amended
5 to read as follows:

6 99F.11 WAGERING TAX -- RATE -- ALLOCATIONS.

7 1. a. A tax is imposed on the adjusted gross
8 receipts received annually from gambling games
9 authorized under this chapter at the rate of five
10 percent on the first one million dollars of adjusted
11 gross receipts, at the rate of ten percent on the next
12 two million dollars of adjusted gross receipts, and at
13 the rate of ~~twenty~~ twenty-two percent on any amount of
14 adjusted gross receipts over three million dollars.
15 However, for the calendar year beginning January 1,
16 2003, the rate of tax on any amount of adjusted gross
17 receipts over three million dollars is twenty percent.

18 b. ~~However Notwithstanding any provision of~~
19 paragraph "a" to the contrary, beginning January 1,
20 ~~1997~~ 2003, the rate on any amount of adjusted gross
21 receipts over three million dollars from gambling
22 games at racetrack enclosures is ~~twenty-two~~ twenty-
23 ~~eight~~ percent and shall increase by two percent each
24 ~~succeeding~~ calendar year until the rate is thirty-six
25 percent.

26 2. The taxes imposed by this section shall be paid
27 by the licensee to the treasurer of state within ten
28 days after the close of the day when the wagers were
29 made and shall be distributed as follows:

30 ~~1.~~ a. If the gambling excursion originated at a
31 dock located in a city, one-half of one percent of the
32 adjusted gross receipts shall be remitted to the
33 treasurer of the city in which the dock is located and
34 shall be deposited in the general fund of the city.
35 Another one-half of one percent of the adjusted gross
36 receipts shall be remitted to the treasurer of the
37 county in which the dock is located and shall be
38 deposited in the general fund of the county.

39 ~~2.~~ b. If the gambling excursion originated at a
40 dock located in a part of the county outside a city,
41 one-half of one percent of the adjusted gross receipts
42 shall be remitted to the treasurer of the county in
43 which the dock is located and shall be deposited in
44 the general fund of the county. Another one-half of
45 one percent of the adjusted gross receipts shall be
46 remitted to the treasurer of the Iowa city nearest to
47 where the dock is located and shall be deposited in
48 the general fund of the city.

49 ~~3.~~ c. Three-tenths of one percent of the adjusted
50 gross receipts shall be deposited in the gambling

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1 treatment fund specified in section 99E.10, subsection
2 1, paragraph "a".
3 4- d. The remaining amount of the adjusted gross
4 receipts tax shall be credited to the general fund of
5 the state.
6 Sec. 2. EFFECTIVE DATE -- RETROACTIVE
7 APPLICABILITY. This Act, being deemed of immediate
8 importance, takes effect upon enactment and is
9 retroactively applicable to January 1, 2003, and is
10 applicable on and after that date."
11 2. Title page, by striking lines 1 through 6, and
12 inserting the following: "An Act providing for the
13 tax on the adjusted gross receipts from gambling games
14 on excursion boats and at racetracks and including
15 effective and retroactive applicability provisions."
By JEFF LAMBERTI

S-3067 FILED MARCH 19, 2003

SENATE FILE 327

S-3068

1 Amend Senate File 327 as follows:

2 1. Page 1, by striking lines 4 through 6 and
3 inserting the following: "the commission. However,
4 for racetrack enclosures, "gambling game" does not
5 include table games of chance ~~or video machines~~.
6 "Gambling game" does not include sports betting."

7 2. Page 4, by striking lines 7 through 12 and
8 inserting the following: "receipts over three million
9 dollars. However, beginning January 1, ~~1997~~ 2003, the
10 rate on any amount of adjusted gross receipts over
11 three million dollars from gambling games at racetrack
12 enclosures is ~~twenty-two~~ twenty-eight percent and
13 ~~shall increase by two percent each succeeding calendar~~
14 ~~year until the rate is thirty-six percent.~~ The taxes
15 imposed by this section shall".

16 3. Page 4, by inserting after line 15 the
17 following:

18 "Sec. ____ . EFFECTIVE DATE -- RETROACTIVE
19 APPLICABILITY. The section of this Act amending
20 section 99F.11, being deemed of immediate importance,
21 takes effect upon enactment and is retroactively
22 applicable to January 1, 2003, and is applicable on
23 and after that date."

24 4. Title page, line 6, by inserting after the
25 word "games" the following: ", and including
26 effective and retroactive applicability provisions".

27 5. By renumbering as necessary.

By JEFF LAMBERTI

S-3068 FILED MARCH 19, 2003