

SENATE FILE 2266  
BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO SSB 3169)

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

**A BILL FOR**

1 An Act relating to horse racing by providing for minimum racing  
2 days and arbitration for resolving disputes on horse racing  
3 purses among representatives of horse breeds.

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

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SF 2266

1 Section 1. Section 99F.6, subsection 4, paragraph a, Code  
2 Supplement 2005, is amended to read as follows:

3 a. Before a license is granted, the division of criminal  
4 investigation of the department of public safety shall conduct  
5 a thorough background investigation of the applicant for a  
6 license to operate a gambling game operation on an excursion  
7 gambling boat. The applicant shall provide information on a  
8 form as required by the division of criminal investigation. A  
9 qualified sponsoring organization licensed to operate gambling  
10 games under this chapter shall distribute the receipts of all  
11 gambling games, less reasonable expenses, charges, taxes,  
12 fees, and deductions allowed under this chapter, as winnings  
13 to players or participants or shall distribute the receipts  
14 for educational, civic, public, charitable, patriotic, or  
15 religious uses as defined in section 99B.7, subsection 3,  
16 paragraph "b". However, a licensee to conduct gambling games  
17 under this chapter shall, unless an operating agreement for an  
18 excursion gambling boat otherwise provides, distribute at  
19 least three percent of the adjusted gross receipts for each  
20 license year for educational, civic, public, charitable,  
21 patriotic, or religious uses as defined in section 99B.7,  
22 subsection 3, paragraph "b". However, if a licensee who is  
23 also licensed to conduct pari-mutuel wagering at a horse  
24 racetrack has unpaid debt from the pari-mutuel racetrack  
25 operations, the first receipts of the gambling games operated  
26 within the racetrack enclosure less reasonable operating  
27 expenses, taxes, and fees allowed under this chapter shall be  
28 first used to pay the annual indebtedness. The commission  
29 shall authorize, subject to ~~the debt payments for horse~~  
30 ~~racetracks and~~ the provisions of paragraph "b" for dog  
31 racetracks, and the debt payment provisions of this paragraph  
32 and the provisions of paragraph "c" for horse racetracks, a  
33 licensee who is also licensed to conduct pari-mutuel dog or  
34 horse racing to use receipts from gambling games within the  
35 racetrack enclosure to supplement purses for races

1 particularly for Iowa-bred horses pursuant to an agreement  
2 which shall be negotiated between the licensee and  
3 representatives of the dog or horse owners. ~~For agreements~~  
4 ~~subject to commission approval concerning purses for horse~~  
5 ~~racing beginning on or after January 17, 2006, and ending~~  
6 ~~before January 17, 2021, the agreements shall provide that~~  
7 ~~total annual purses for all horse racing shall be no less than~~  
8 ~~eleven percent of the first two hundred million dollars of net~~  
9 ~~receipts, and six percent of net receipts above two hundred~~  
10 ~~million dollars. Agreements that are subject to commission~~  
11 ~~approval concerning horse purses for a particular period of~~  
12 ~~time beginning on or after January 17, 2006, and ending before~~  
13 ~~January 17, 2021, shall be jointly submitted to the commission~~  
14 ~~for approval.~~ A qualified sponsoring organization shall not  
15 make a contribution to a candidate, political committee,  
16 candidate's committee, state statutory political committee,  
17 county statutory political committee, national political  
18 party, or fund-raising event as these terms are defined in  
19 section 68A.102. The membership of the board of directors of  
20 a qualified sponsoring organization shall represent a broad  
21 interest of the communities. ~~For purposes of this paragraph,~~  
22 ~~"net receipts" means the annual adjusted gross receipts from~~  
23 ~~all gambling games less the annual amount of money pledged by~~  
24 ~~the owner of the facility to fund a project approved to~~  
25 ~~receive vision Iowa funds as of July 17, 2004.~~

26 Sec. 2. Section 99F.6, subsection 4, Code Supplement 2005,  
27 is amended by adding the following new paragraph:

28 NEW PARAGRAPH. c. (1) The commission shall authorize the  
29 licensee of a pari-mutuel horse racetrack located in Polk  
30 county to conduct gambling games as provided in section 99F.4A  
31 if the licensee schedules at least one hundred fourteen live  
32 horse racing performances of at least ten live races each  
33 performance day between April 15 and October 15 during a  
34 calendar year.

35 (2) For agreements subject to commission approval

1 party. The bill provides that the parties involved in the  
2 arbitration, including the commission, shall consider that the  
3 horse racetrack was built to facilitate the development and  
4 promotion of Iowa thoroughbred, quarter horse, and  
5 standardbred horses in this state.

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Kibbie co-chair  
Ziemann co-chair  
Horn  
Kettering

SSB# 3169  
State Government

Succeeded By  
SENATE FILE SF/ HF 2266  
BY (PROPOSED COMMITTEE ON  
STATE GOVERNMENT BILL BY  
CO-CHAIRPERSONS HORN AND  
McKIBBEN)

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

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8 form as required by the division of criminal investigation. A  
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11 gambling games, less reasonable expenses, charges, taxes,  
12 fees, and deductions allowed under this chapter, as winnings  
13 to players or participants or shall distribute the receipts  
14 for educational, civic, public, charitable, patriotic, or  
15 religious uses as defined in section 99B.7, subsection 3,  
16 paragraph "b". However, a licensee to conduct gambling games  
17 under this chapter shall, unless an operating agreement for an  
18 excursion gambling boat otherwise provides, distribute at  
19 least three percent of the adjusted gross receipts for each  
20 license year for educational, civic, public, charitable,  
21 patriotic, or religious uses as defined in section 99B.7,  
22 subsection 3, paragraph "b". However, if a licensee who is  
23 also licensed to conduct pari-mutuel wagering at a horse  
24 racetrack has unpaid debt from the pari-mutuel racetrack  
25 operations, the first receipts of the gambling games operated  
26 within the racetrack enclosure less reasonable operating  
27 expenses, taxes, and fees allowed under this chapter shall be  
28 first used to pay the annual indebtedness. The commission  
29 shall authorize, subject to ~~the debt payments for horse~~  
30 ~~racetracks~~ and the provisions of paragraph "b" for dog  
31 racetracks, and the debt payment provisions of this paragraph  
32 and the provisions of paragraph "c" for horse racetracks, a  
33 licensee who is also licensed to conduct pari-mutuel dog or  
34 horse racing to use receipts from gambling games within the  
35 racetrack enclosure to supplement purses for races

1 particularly for Iowa-bred horses pursuant to an agreement  
2 which shall be negotiated between the licensee and  
3 representatives of the dog or horse owners. For agreements  
4 ~~subject to commission approval concerning purses for horse~~  
5 ~~racing beginning on or after January 17, 2006, and ending~~  
6 ~~before January 17, 2021, the agreements shall provide that~~  
7 ~~total annual purses for all horse racing shall be no less than~~  
8 ~~eleven percent of the first two hundred million dollars of net~~  
9 ~~receipts, and six percent of net receipts above two hundred~~  
10 ~~million dollars.---Agreements that are subject to commission~~  
11 ~~approval concerning horse purses for a particular period of~~  
12 ~~time beginning on or after January 17, 2006, and ending before~~  
13 ~~January 17, 2021, shall be jointly submitted to the commission~~  
14 ~~for approval.~~ A qualified sponsoring organization shall not  
15 make a contribution to a candidate, political committee,  
16 candidate's committee, state statutory political committee,  
17 county statutory political committee, national political  
18 party, or fund-raising event as these terms are defined in  
19 section 68A.102. The membership of the board of directors of  
20 a qualified sponsoring organization shall represent a broad  
21 interest of the communities. For purposes of this paragraph,  
22 "net receipts" means the annual adjusted gross receipts from  
23 all gambling games less the annual amount of money pledged by  
24 the owner of the facility to fund a project approved to  
25 receive Iowa funds as of July 17, 2004.

26 Sec. 2. Section 99F.6, subsection 4, Code Supplement 2005,  
27 is amended by adding the following new paragraph:

28 NEW PARAGRAPH. c. (1) The commission shall authorize the  
29 licensee of a pari-mutuel horse racetrack located in Polk  
30 county to conduct gambling games as provided in section 99F.4A  
31 if the licensee schedules at least one hundred fourteen live  
32 horse racing performances of at least ten live races each  
33 performance day between April 15 and October 15 during a  
34 calendar year.

35 (2) For agreements subject to commission approval

1 concerning purses for horse racing beginning on or after  
2 January 1, 2006, and ending before January 1, 2021, the  
3 agreements shall provide that total annual purses for all  
4 horse racing shall be no less than eleven percent of the first  
5 two hundred million dollars of net receipts, and six percent  
6 of net receipts above two hundred million dollars. Agreements  
7 that are subject to commission approval concerning horse  
8 racing, including but not limited to provisions governing  
9 horse purses and the purses for each applicable horse breed,  
10 racing schedules, and the number of live racing events per  
11 racing day, for a particular period of time beginning on or  
12 after January 1, 2006, and ending before January 1, 2021,  
13 shall be jointly submitted to the commission for approval.  
14 For agreements concerning horse racing between the licensee  
15 operating the horse racetrack located in Polk county and  
16 representatives of standardbred horse owners, the agreement  
17 shall include a supplemental amount to be paid for  
18 standardbred horse races held at county fair racetracks in the  
19 state which shall be no less than the supplemental amount paid  
20 for county fair horse races in calendar year 2005. The  
21 supplemental amount shall be included in determining the total  
22 annual purses for all horse racing that are required to be  
23 paid as provided by this subparagraph. If any party  
24 representing thoroughbreds, quarter horses, or standardbred  
25 horses that race at the racetrack enclosure fails to reach  
26 agreement concerning horse racing, the commission shall impose  
27 arbitration and an arbitration timetable for the licensee and  
28 the representative or representatives of the applicable horse  
29 breed not in agreement. Each party shall select a  
30 representative, and the two representatives shall select a  
31 third person to assist in negotiating an agreement.  
32 Alternately, each party shall submit the name of the proposed  
33 third person to the commission, who shall then select one of  
34 the two persons to serve as the third party. All parties to  
35 the negotiations, including the commission, shall consider

1 that the purpose of building the horse racetrack was to  
2 facilitate the development and promotion of Iowa thoroughbred,  
3 quarter horse, and standardbred horses in this state and shall  
4 negotiate and make decisions in accordance with that purpose.  
5 For purposes of this subparagraph, "net receipts" means the  
6 annual adjusted gross receipts from all gambling games less  
7 the annual amount of money pledged by the owner of the  
8 facility to fund a project approved to receive vision Iowa  
9 funds as of July 1, 2004.

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## EXPLANATION

11 This bill concerns horse racing at a racetrack enclosure  
12 licensed to conduct gambling games.

13 The bill provides that a licensee of a horse racetrack  
14 located in Polk county shall be allowed to conduct gambling  
15 games only if the licensee schedules at least 114 live horse  
16 racing performances of at least 10 live races each performance  
17 day between April 15 and October 15 during a calendar year.

18 The bill provides that agreements on horse racing shall  
19 include provisions governing horse purses, purses per horse  
20 breed, the number of racing days, and the number of live  
21 racing events per day. In addition, the bill provides that  
22 the agreement with representatives of standardbred horse  
23 owners shall include a supplemental amount to be paid for  
24 races held at county fairs which shall be no less than the  
25 supplemental amount paid for county fair horse races in  
26 calendar year 2005.

27 The bill also provides that if a party representing  
28 thoroughbreds, quarter horses, or standardbred horses that  
29 race at the racetrack enclosure is unable to reach agreement  
30 on horse racing, the racing and gaming commission shall impose  
31 arbitration and establish an arbitration timetable to resolve  
32 the dispute. The bill provides that each party to the dispute  
33 shall select a representative and the two representatives  
34 shall select a third party, or each party to the dispute shall  
35 submit a name to the commission, who shall select the third

1 party. The bill provides that the parties involved in the  
2 arbitration, including the commission, shall consider that the  
3 horse racetrack was built to facilitate the development and  
4 promotion of Iowa thoroughbred, quarter horse, and  
5 standardbred horses in this state.

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