

Senate Study Bill 3169

SENATE FILE _____
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 _____

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:
5 TLSB 6483SC 81
6 ec/je/5

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1 1 Section 1. Section 99F.6, subsection 4, paragraph a, Code
1 2 Supplement 2005, is amended to read as follows:
1 3 a. Before a license is granted, the division of criminal
1 4 investigation of the department of public safety shall conduct
1 5 a thorough background investigation of the applicant for a
1 6 license to operate a gambling game operation on an excursion
1 7 gambling boat. The applicant shall provide information on a
1 8 form as required by the division of criminal investigation. A
1 9 qualified sponsoring organization licensed to operate gambling
1 10 games under this chapter shall distribute the receipts of all
1 11 gambling games, less reasonable expenses, charges, taxes,
1 12 fees, and deductions allowed under this chapter, as winnings
1 13 to players or participants or shall distribute the receipts
1 14 for educational, civic, public, charitable, patriotic, or
1 15 religious uses as defined in section 99B.7, subsection 3,
1 16 paragraph "b". However, a licensee to conduct gambling games
1 17 under this chapter shall, unless an operating agreement for an
1 18 excursion gambling boat otherwise provides, distribute at
1 19 least three percent of the adjusted gross receipts for each
1 20 license year for educational, civic, public, charitable,
1 21 patriotic, or religious uses as defined in section 99B.7,
1 22 subsection 3, paragraph "b". However, if a licensee who is
1 23 also licensed to conduct pari-mutuel wagering at a horse
1 24 racetrack has unpaid debt from the pari-mutuel racetrack
1 25 operations, the first receipts of the gambling games operated
1 26 within the racetrack enclosure less reasonable operating
1 27 expenses, taxes, and fees allowed under this chapter shall be
1 28 first used to pay the annual indebtedness. The commission
1 29 shall authorize, subject to the debt payments for horse
~~1 30 racetracks and the provisions of paragraph "b" for dog~~
~~1 31 racetracks, and the debt payment provisions of this paragraph~~
~~1 32 and the provisions of paragraph "c" for horse racetracks, a~~
1 33 licensee who is also licensed to conduct pari-mutuel dog or
1 34 horse racing to use receipts from gambling games within the
1 35 racetrack enclosure to supplement purses for races
2 1 particularly for Iowa-bred horses pursuant to an agreement
2 2 which shall be negotiated between the licensee and
2 3 representatives of the dog or horse owners. ~~For agreements~~
~~2 4 subject to commission approval concerning purses for horse~~
~~2 5 racing beginning on or after January 1, 2006, and ending~~
~~2 6 before January 1, 2021, the agreements shall provide that~~
~~2 7 total annual purses for all horse racing shall be no less than~~
~~2 8 eleven percent of the first two hundred million dollars of net~~
~~2 9 receipts, and six percent of net receipts above two hundred~~
~~2 10 million dollars. Agreements that are subject to commission~~
~~2 11 approval concerning horse purses for a particular period of~~
~~2 12 time beginning on or after January 1, 2006, and ending before~~
~~2 13 January 1, 2021, shall be jointly submitted to the commission~~
~~2 14 for approval. A qualified sponsoring organization shall not~~

2 15 make a contribution to a candidate, political committee,
2 16 candidate's committee, state statutory political committee,
2 17 county statutory political committee, national political
2 18 party, or fund-raising event as these terms are defined in
2 19 section 68A.102. The membership of the board of directors of
2 20 a qualified sponsoring organization shall represent a broad
2 21 interest of the communities. ~~For purposes of this paragraph,~~
~~2 22 "net receipts" means the annual adjusted gross receipts from~~
~~2 23 all gambling games less the annual amount of money pledged by~~
~~2 24 the owner of the facility to fund a project approved to~~
~~2 25 receive vision Iowa funds as of July 1, 2004.~~

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

2 28 NEW PARAGRAPH. c. (1) The commission shall authorize the
2 29 licensee of a pari-mutuel horse racetrack located in Polk
2 30 county to conduct gambling games as provided in section 99F.4A
2 31 if the licensee schedules at least one hundred fourteen live
2 32 horse racing performances of at least ten live races each
2 33 performance day between April 15 and October 15 during a
2 34 calendar year.

2 35 (2) For agreements subject to commission approval
3 1 concerning purses for horse racing beginning on or after
3 2 January 1, 2006, and ending before January 1, 2021, the
3 3 agreements shall provide that total annual purses for all
3 4 horse racing shall be no less than eleven percent of the first
3 5 two hundred million dollars of net receipts, and six percent
3 6 of net receipts above two hundred million dollars. Agreements
3 7 that are subject to commission approval concerning horse
3 8 racing, including but not limited to provisions governing
3 9 horse purses and the purses for each applicable horse breed,
3 10 racing schedules, and the number of live racing events per
3 11 racing day, for a particular period of time beginning on or
3 12 after January 1, 2006, and ending before January 1, 2021,
3 13 shall be jointly submitted to the commission for approval.
3 14 For agreements concerning horse racing between the licensee
3 15 operating the horse racetrack located in Polk county and
3 16 representatives of standardbred horse owners, the agreement
3 17 shall include a supplemental amount to be paid for
3 18 standardbred horse races held at county fair racetracks in the
3 19 state which shall be no less than the supplemental amount paid
3 20 for county fair horse races in calendar year 2005. The
3 21 supplemental amount shall be included in determining the total
3 22 annual purses for all horse racing that are required to be
3 23 paid as provided by this subparagraph. If any party
3 24 representing thoroughbreds, quarter horses, or standardbred
3 25 horses that race at the racetrack enclosure fails to reach
3 26 agreement concerning horse racing, the commission shall impose
3 27 arbitration and an arbitration timetable for the licensee and
3 28 the representative or representatives of the applicable horse
3 29 breed not in agreement. Each party shall select a
3 30 representative, and the two representatives shall select a
3 31 third person to assist in negotiating an agreement.
3 32 Alternately, each party shall submit the name of the proposed
3 33 third person to the commission, who shall then select one of
3 34 the two persons to serve as the third party. All parties to
3 35 the negotiations, including the commission, shall consider
4 1 that the purpose of building the horse racetrack was to
4 2 facilitate the development and promotion of Iowa thoroughbred,
4 3 quarter horse, and standardbred horses in this state and shall
4 4 negotiate and make decisions in accordance with that purpose.
4 5 For purposes of this subparagraph, "net receipts" means the
4 6 annual adjusted gross receipts from all gambling games less
4 7 the annual amount of money pledged by the owner of the
4 8 facility to fund a project approved to receive vision Iowa
4 9 funds as of July 1, 2004.

4 10 EXPLANATION

4 11 This bill concerns horse racing at a racetrack enclosure
4 12 licensed to conduct gambling games.

4 13 The bill provides that a licensee of a horse racetrack
4 14 located in Polk county shall be allowed to conduct gambling
4 15 games only if the licensee schedules at least 114 live horse
4 16 racing performances of at least 10 live races each performance
4 17 day between April 15 and October 15 during a calendar year.

4 18 The bill provides that agreements on horse racing shall
4 19 include provisions governing horse purses, purses per horse
4 20 breed, the number of racing days, and the number of live
4 21 racing events per day. In addition, the bill provides that
4 22 the agreement with representatives of standardbred horse
4 23 owners shall include a supplemental amount to be paid for
4 24 races held at county fairs which shall be no less than the
4 25 supplemental amount paid for county fair horse races in

4 26 calendar year 2005.

4 27 The bill also provides that if a party representing
4 28 thoroughbreds, quarter horses, or standardbred horses that
4 29 race at the racetrack enclosure is unable to reach agreement
4 30 on horse racing, the racing and gaming commission shall impose
4 31 arbitration and establish an arbitration timetable to resolve
4 32 the dispute. The bill provides that each party to the dispute
4 33 shall select a representative and the two representatives
4 34 shall select a third party, or each party to the dispute shall
4 35 submit a name to the commission, who shall select the third
5 1 party. The bill provides that the parties involved in the
5 2 arbitration, including the commission, shall consider that the
5 3 horse racetrack was built to facilitate the development and
5 4 promotion of Iowa thoroughbred, quarter horse, and
5 5 standardbred horses in this state.

5 6 LSB 6483SC 81

5 7 ec:rj/je/5