

# House File 838 - Introduced

HOUSE FILE \_\_\_\_\_  
BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO HF 372)

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

## A BILL FOR

1 An Act concerning horse racing, by providing for pari-mutuel  
2 wagering, minimum racing days and negotiations for resolving  
3 disputes on horse racing agreements among representatives of  
4 horse breeds, and county gambling elections, and including  
5 effective date and retroactive applicability provisions.  
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
7 TLSB 2340HV 82  
8 ec/es/88

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1 1 Section 1. Section 99D.11, subsection 6, paragraph b, Code  
2 2007, is amended to read as follows:

1 3 b. (1) The commission may authorize the licensee to  
1 4 simultaneously telecast within the racetrack enclosure, for  
1 5 the purpose of pari-mutuel wagering, a horse or dog race  
1 6 licensed by the racing authority of another state. It is the  
1 7 responsibility of each licensee to obtain the consent of  
1 8 appropriate racing officials in other states as required by  
1 9 the federal Interstate Horseracing Act of 1978, 15 U.S.C. }  
1 10 3001=3007, to televise races for the purpose of conducting  
1 11 pari-mutuel wagering.

1 12 (2) A licensee may also obtain the permission of a person  
1 13 licensed by the commission to conduct horse or dog races in  
1 14 this state to televise races conducted by that person for the  
1 15 purpose of conducting pari-mutuel racing. However,  
1 16 arrangements made by a licensee to televise any race for the  
1 17 purpose of conducting pari-mutuel wagering are subject to the  
1 18 approval of the commission, and the commission shall select  
1 19 the races to be televised. The races selected by the  
1 20 commission shall be the same for all licensees approved by the  
1 21 commission to televise races for the purpose of conducting  
1 22 pari-mutuel wagering. The commission shall not authorize the  
1 23 simultaneous telecast or televising of and a licensee shall  
1 24 not simultaneously telecast or televise any horse or dog race  
1 25 for the purpose of conducting pari-mutuel wagering unless the  
1 26 simultaneous telecast or televising is done at the racetrack  
1 27 of a licensee that schedules no less than sixty performances  
1 28 of nine live races each day of the season or is done for an  
1 29 entity licensed in another state to conduct pari-mutuel  
1 30 wagering that accepts wagers only within states in which it is  
1 31 licensed or authorized to accept wagers.

1 32 (3) For purposes of the taxes imposed under this chapter,  
1 33 races televised by a licensee for purposes of pari-mutuel  
1 34 wagering shall be treated as if the races were held at the  
1 35 racetrack of the licensee. Notwithstanding any contrary  
2 1 provision in this chapter, the commission may allow a licensee  
2 2 to adopt the same deductions as those of the pari-mutuel  
2 3 racetrack from which the races are being simultaneously  
2 4 telecast.

2 5 Sec. 2. Section 99F.6, subsection 4, paragraph a, Code  
2 6 2007, is amended to read as follows:

2 7 a. Before a license is granted, the division of criminal  
2 8 investigation of the department of public safety shall conduct  
2 9 a thorough background investigation of the applicant for a  
2 10 license to operate a gambling game operation on an excursion  
2 11 gambling boat. The applicant shall provide information on a  
2 12 form as required by the division of criminal investigation. A  
2 13 qualified sponsoring organization licensed to operate gambling  
2 14 games under this chapter shall distribute the receipts of all  
2 15 gambling games, less reasonable expenses, charges, taxes,

2 16 fees, and deductions allowed under this chapter, as winnings  
2 17 to players or participants or shall distribute the receipts  
2 18 for educational, civic, public, charitable, patriotic, or  
2 19 religious uses as defined in section 99B.7, subsection 3,  
2 20 paragraph "b". However, a licensee to conduct gambling games  
2 21 under this chapter shall, unless an operating agreement for an  
2 22 excursion gambling boat otherwise provides, distribute at  
2 23 least three percent of the adjusted gross receipts for each  
2 24 license year for educational, civic, public, charitable,  
2 25 patriotic, or religious uses as defined in section 99B.7,  
2 26 subsection 3, paragraph "b". However, if a licensee who is  
2 27 also licensed to conduct pari-mutuel wagering at a horse  
2 28 racetrack has unpaid debt from the pari-mutuel racetrack  
2 29 operations, the first receipts of the gambling games operated  
2 30 within the racetrack enclosure less reasonable operating  
2 31 expenses, taxes, and fees allowed under this chapter shall be  
2 32 first used to pay the annual indebtedness. The commission  
2 33 shall authorize, subject to ~~the debt payments for horse~~  
2 34 ~~racetracks and the provisions of paragraph "b" for dog~~  
3 1 ~~racetracks, and the debt payment provisions of this paragraph~~  
3 2 ~~and the provisions of paragraph "c" for horse racetracks, a~~  
3 3 licensee who is also licensed to conduct pari-mutuel dog or  
3 4 horse racing to use receipts from gambling games within the  
3 5 racetrack enclosure to supplement purses for races  
3 6 particularly for Iowa-bred horses pursuant to an agreement  
3 7 which shall be negotiated between the licensee and  
3 8 representatives of the dog or horse owners. ~~For agreements~~  
3 9 ~~subject to commission approval concerning purses for horse~~  
3 10 ~~racing beginning on or after January 1, 2006, and ending~~  
3 11 ~~before January 1, 2021, the agreements shall provide that~~  
3 12 ~~total annual purses for all horse racing shall be no less than~~  
3 13 ~~eleven percent of the first two hundred million dollars of net~~  
3 14 ~~receipts, and six percent of net receipts above two hundred~~  
3 15 ~~million dollars. Agreements that are subject to commission~~  
3 16 ~~approval concerning horse purses for a particular period of~~  
3 17 ~~time beginning on or after January 1, 2006, and ending before~~  
3 18 ~~January 1, 2021, shall be jointly submitted to the commission~~  
3 19 ~~for approval. A qualified sponsoring organization shall not~~  
3 20 ~~make a contribution to a candidate, political committee,~~  
3 21 ~~candidate's committee, state statutory political committee,~~  
3 22 ~~county statutory political committee, national political~~  
3 23 ~~party, or fund-raising event as these terms are defined in~~  
3 24 ~~section 68A.102. The membership of the board of directors of~~  
3 25 ~~a qualified sponsoring organization shall represent a broad~~  
3 26 ~~interest of the communities. For purposes of this paragraph,~~  
3 27 ~~"net receipts" means the annual adjusted gross receipts from~~  
3 28 ~~all gambling games less the annual amount of money pledged by~~  
3 29 ~~the owner of the facility to fund a project approved to~~  
3 30 ~~receive vision Iowa funds as of July 1, 2004.~~

3 30 Sec. 3. Section 99F.6, subsection 4, Code 2007, is amended  
3 31 by adding the following new paragraph:

3 32 NEW PARAGRAPH. c. (1) The commission shall authorize the  
3 33 licensee of a pari-mutuel horse racetrack located in Polk  
3 34 county to conduct gambling games as provided in section 99F.4A  
3 35 if the licensee schedules, during a calendar year, two hundred  
4 1 live horse racing performances of at least four live races  
4 2 each performance day for fifty performance days between June 1  
4 3 and October 1 for quarter horses, seven hundred sixty live  
4 4 racing performances of at least eight live races each  
4 5 performance day for ninety performance days between April 15  
4 6 and October 15 for thoroughbred horses, and at least nine live  
4 7 races each performance day for twenty performance days between  
4 8 September 1 and November 15 for standardbred horses.

4 9 (2) For agreements subject to commission approval  
4 10 concerning purses for horse racing beginning on or after  
4 11 January 1, 2008, and ending before January 1, 2021, the  
4 12 agreements shall provide that total annual purses for all  
4 13 horse racing shall be no less than eleven percent of the first  
4 14 two hundred million dollars of net receipts, and six percent  
4 15 of net receipts above two hundred million dollars. Any  
4 16 agreement that is subject to commission approval concerning  
4 17 horse racing beginning on or after January 1, 2008, and ending  
4 18 before January 1, 2021, including but not limited to  
4 19 provisions governing horse purses and the purses for each  
4 20 applicable horse breed, racing schedules, and the number of  
4 21 live racing events per racing day, shall be individually  
4 22 submitted to the commission for approval. If any party  
4 23 representing thoroughbreds, quarter horses, or standardbred  
4 24 horses that race at the racetrack enclosure fails to reach  
4 25 agreement concerning horse racing for a particular horse  
4 26 breed, the commission shall impose a negotiating timetable to

4 27 insure no interruption of business activity. If the two  
4 28 parties cannot reach agreement, each party shall select a  
4 29 representative and the two representatives shall select a  
4 30 third person to assist in negotiating an agreement. The two  
4 31 representatives may select the commission or one of its  
4 32 members to serve as the third party. Alternately, each party  
4 33 shall submit the name of the proposed third person to the  
4 34 commission who shall then select one of the two persons to  
4 35 serve as the third party. All parties to the negotiations,  
5 1 including the commission, shall consider that the purpose of  
5 2 building the horse racetrack was to facilitate the development  
5 3 and promotion of Iowa thoroughbred, quarter horse, and  
5 4 standardbred horses in this state and shall negotiate and make  
5 5 decisions in accordance with that purpose. For purposes of  
5 6 this subparagraph, "net receipts" means the annual adjusted  
5 7 gross receipts from all gambling games less the annual amount  
5 8 of money pledged by the owner of the facility to fund a  
5 9 project approved to receive vision Iowa funds as of July 1,  
5 10 2004.

5 11 Sec. 4. Section 99F.7, subsection 11, Code 2007, is  
5 12 amended to read as follows:

5 13 11. a. A license to conduct gambling games on an  
5 14 excursion gambling boat or at a racetrack enclosure in a  
5 15 county shall be issued only if the county electorate approves  
5 16 the conduct of the gambling games as provided in this  
5 17 subsection. The board of supervisors, upon receipt of a valid  
5 18 petition meeting the requirements of section 331.306, and  
5 19 subject to the requirements of paragraph "e", shall direct the  
5 20 commissioner of elections to submit to the registered voters  
5 21 of the county a proposition to approve or disapprove the  
5 22 conduct of gambling games on an excursion gambling boat or at  
5 23 a racetrack enclosure in the county. The proposition shall be  
5 24 submitted at a general election or at a special election  
5 25 called for that purpose. To be submitted at a general  
5 26 election, the petition must be received by the board of  
5 27 supervisors at least five working days before the last day for  
5 28 candidates for county offices to file nomination papers for  
5 29 the general election pursuant to section 44.4. If a majority  
5 30 of the county voters voting on the proposition favor the  
5 31 conduct of gambling games, the commission may issue one or  
5 32 more licenses as provided in this chapter. If a majority of  
5 33 the county voters voting on the proposition do not favor the  
5 34 conduct of gambling games, a license to conduct gambling games  
5 35 in the county shall not be issued.

6 1 b. If ~~licenses~~ a license to conduct gambling games ~~and to~~  
6 2 ~~operate on~~ an excursion gambling boat ~~are~~ or at a racetrack  
6 3 enclosure is in effect pursuant to a referendum as set forth  
6 4 in this section and ~~are is~~ subsequently disapproved by a  
6 5 referendum of the county electorate, the ~~licenses~~ license  
6 6 issued by the commission after a referendum approving gambling  
6 7 games on an excursion gambling boats boat or at a racetrack  
6 8 enclosure shall remain valid and are is subject to renewal for  
6 9 ~~a total of nine years one year~~ from the date of original issue  
6 10 ~~the referendum disapproving the conduct of gambling games in~~  
6 11 ~~the county unless the commission revokes a license at an~~  
6 12 earlier date as provided in this chapter.

6 13 c. If a licensee of a pari-mutuel racetrack who held a  
6 14 valid license issued under chapter 99D as of January 1, 1994,  
6 15 requests a license to operate gambling games as provided in  
6 16 this chapter, the board of supervisors of a county in which  
6 17 the licensee of a pari-mutuel racetrack requests a license to  
6 18 operate gambling games shall submit to the county electorate a  
6 19 proposition to approve or disapprove the operation of gambling  
6 20 games at pari-mutuel racetracks at a special election at the  
6 21 earliest practicable time. If the operation of gambling games  
6 22 at the pari-mutuel racetrack is not approved by a majority of  
6 23 the county electorate voting on the proposition at the  
6 24 election, the commission shall not issue a license to operate  
6 25 gambling games at the racetrack.

6 26 d. If the proposition to operate gambling games ~~on an~~  
6 27 ~~excursion gambling boat or at a racetrack enclosure~~ is  
6 28 approved by a majority of the county electorate voting on the  
6 29 proposition, the board of supervisors shall submit ~~the same a~~  
6 30 ~~proposition requiring the approval or defeat of gambling games~~  
6 31 ~~to the county electorate at the general election held in 2002~~  
6 32 ~~and, unless the operation of gambling games is terminated~~  
6 33 ~~earlier as provided in this chapter or chapter 99D, at the~~  
6 34 ~~next general election held at each subsequent eight-year~~  
6 35 ~~interval no sooner than the eighth calendar year following the~~  
7 1 ~~election approving gambling games, unless the operation of~~  
7 2 ~~gambling games is terminated earlier as provided in this~~

~~7 3 chapter or chapter 99D. However, if a proposition to operate  
7 4 gambling games is approved by a majority of the county  
7 5 electorate voting on the proposition in two successive  
7 6 elections, no proposition under this paragraph shall  
7 7 thereafter be required to authorize the conduct of gambling  
7 8 games pursuant to this chapter.~~

~~7 9 e. After a referendum has been held which approved or  
7 10 defeated a proposal to conduct gambling games on excursion  
7 11 gambling boats or which defeated a proposal to conduct  
7 12 gambling games at a licensed pari-mutuel racetrack enclosure  
7 13 as provided in this section, another referendum on a proposal  
7 14 to conduct gambling games on an excursion gambling boat or at  
7 15 a licensed pari-mutuel racetrack shall not be held for at  
7 16 least eight years until calendar year 2015 and then may only  
7 17 be held every eighth calendar year thereafter. However, if  
7 18 any proposition to operate gambling games is approved by a  
7 19 vote in favor of such proposition equal to at least sixty  
7 20 percent of the county electorate vote cast, another referendum  
7 21 on a proposal to conduct gambling games shall not be held  
7 22 until calendar year 2022 and then may only be held every  
7 23 fifteenth calendar year thereafter.~~

7 24 Sec. 5. EFFECTIVE DATE == RETROACTIVE APPLICABILITY.

7 25 1. The sections of this Act amending section 99F.6,  
7 26 subsection 4, take effect January 1, 2008.

7 27 2. The section of this Act amending section 99F.7,  
7 28 subsection 11, being deemed of immediate importance, takes  
7 29 effect upon enactment and is retroactively applicable to  
7 30 elections occurring on and after January 1, 1994.

7 31 EXPLANATION

7 32 This bill concerns horse racing and gambling, relating to  
7 33 pari-mutuel wagering, horse racing agreements, and county  
7 34 gambling elections.

7 35 Code section 99D.11, subsection 6, is amended to permit the  
8 1 simultaneous telecasting of any horse or dog race at a  
8 2 licensed facility in this state for the purpose of conducting  
8 3 pari-mutuel wagering for an entity licensed in another state  
8 4 to conduct pari-mutuel wagering that accepts wagers only in  
8 5 those states it is licensed or authorized.

8 6 Code section 99F.6 is amended by the bill as it relates to  
8 7 horse racing at a racetrack enclosure licensed to conduct  
8 8 gambling games. The section is amended to provide that a  
8 9 licensee of a horse racetrack located in Polk county shall be  
8 10 allowed to conduct gambling games only if the licensee  
8 11 schedules at least 200 live horse racing performances of at  
8 12 least four live races each performance day for 50 performance  
8 13 days between June 1 and October 1 during a calendar year for  
8 14 quarter horses, at least 760 live horse racing performances of  
8 15 at least eight live races each performance day for 90  
8 16 performance days between April 15 and October 15 during a  
8 17 calendar year for thoroughbred horses, and at least nine live  
8 18 races each performance day for 20 performance days between  
8 19 September 1 and November 15 during a calendar year for  
8 20 standardbred horses.

8 21 The bill also provides that agreements on horse racing  
8 22 shall include provisions governing horse purses, purses per  
8 23 horse breed, the number of racing days, and the number of live  
8 24 racing events per day.

8 25 The amended Code section also provides that if a party  
8 26 representing thoroughbreds, quarter horses, or standardbred  
8 27 horses that race at the racetrack enclosure is unable to reach  
8 28 agreement on horse racing, the racing and gaming commission  
8 29 shall impose a negotiating timetable to resolve the dispute.  
8 30 The bill provides that if the parties fail to agree, then each  
8 31 party to the dispute shall select a representative and the two  
8 32 representatives shall select a third party, or shall select  
8 33 the commission, or a member of the commission, as the third  
8 34 party. The bill provides that the parties involved in the  
8 35 negotiations, including the commission, shall consider that  
9 1 the horse racetrack was built to facilitate the development  
9 2 and promotion of Iowa thoroughbred, quarter horse, and  
9 3 standardbred horses in this state. The changes to Code  
9 4 section 99F.6 take effect January 1, 2008.

9 5 The bill also provides for the requirements relative to  
9 6 conducting a referendum to approve or disapprove gambling  
9 7 games on an excursion gambling boat or racetrack enclosure in  
9 8 a county.

9 9 Code section 99F.7, subsection 11, is amended to provide  
9 10 that if a proposition to operate gambling games on an  
9 11 excursion boat or racetrack has been approved in two  
9 12 successive elections in a county, the proposition to authorize  
9 13 gambling games is not thereafter required to be submitted to

9 14 the county electorate. Current law provides that the  
9 15 proposition to conduct gambling games shall be resubmitted to  
9 16 the county electorate every eight years.  
9 17 The bill also provides that if a proposal to operate  
9 18 gambling games has been approved, another election shall not  
9 19 be held sooner than the eighth calendar year following the  
9 20 approval, but in no event prior to calendar year 2015, and  
9 21 then, may only be held each eighth year thereafter. In  
9 22 addition, the bill provides that if any proposition to conduct  
9 23 gambling games in a county passes with 60 percent approval,  
9 24 then no referendum shall be held in that county until calendar  
9 25 year 2022, and then may only be held each fifteenth calendar  
9 26 year thereafter. The provision that the county may hold a  
9 27 referendum on the proposition to conduct gambling games upon  
9 28 submission of a petition from the county electorate is  
9 29 maintained but is made subject to the bill's requirements on  
9 30 when elections can be held. Current law provides that no  
9 31 election shall be held for eight years after a proposal has  
9 32 been defeated but is silent as to when an election can be held  
9 33 if the proposal to conduct gambling games has been approved.  
9 34 The bill also provides that if gambling games are  
9 35 authorized in a county but a subsequent referendum to conduct  
10 1 gambling games has been defeated, any license to conduct  
10 2 gambling games in that county shall remain valid for one year  
10 3 following the defeat of the referendum. Current law provides  
10 4 that the license remains valid for nine years following the  
10 5 date of the original issue of a license to conduct gambling  
10 6 games in that county.  
10 7 The changes to Code section 99F.7, subsection 11, take  
10 8 effect upon enactment and are retroactively applicable to  
10 9 elections occurring on and after January 1, 1994.  
10 10 LSB 2340HV 82  
10 11 ec:nh/es/88