

House File 636 - Introduced

HOUSE FILE 636

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 110)

A BILL FOR

1 An Act excluding certain wagers from the definition of adjusted
2 gross receipts for purposes of the wagering tax on gambling
3 games, providing for a wagering tax on promotional play
4 receipts, and providing for the prospective reduction and
5 repeal of the tax on promotional play receipts.

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

1 Section 1. Section 99F.1, Code 2015, is amended by adding
2 the following new subsections:

3 NEW SUBSECTION. 19A. "*Promotional play receipts*" means
4 the total sums wagered on gambling games with tokens, chips,
5 electronic credits, or other forms of cashless wagering
6 provided by the licensee without an exchange of money as
7 described in section 99F.9, subsection 3.

8 NEW SUBSECTION. 22. "*Taxable gross receipts*" means the
9 adjusted gross receipts less promotional play receipts.

10 Sec. 2. Section 99F.4A, subsection 6, Code 2015, is amended
11 to read as follows:

12 6. The ~~adjusted~~ taxable gross receipts received from
13 gambling games shall be taxed at the same rates and the
14 proceeds distributed in the same manner as provided in section
15 99F.11.

16 Sec. 3. Section 99F.11, subsection 1, Code 2015, is amended
17 to read as follows:

18 1. A tax is imposed on the ~~adjusted~~ taxable gross receipts
19 received each fiscal year from gambling games authorized under
20 this chapter at the rate of five percent on the first one
21 million dollars of ~~adjusted~~ taxable gross receipts and at the
22 rate of ten percent on the next two million dollars of ~~adjusted~~
23 taxable gross receipts.

24 Sec. 4. Section 99F.11, subsection 2, unnumbered paragraph
25 1, Code 2015, is amended to read as follows:

26 The tax rate imposed each fiscal year on any amount of
27 ~~adjusted~~ taxable gross receipts over three million dollars
28 shall be as follows:

29 Sec. 5. Section 99F.11, subsection 2, paragraph b,
30 subparagraph (2), Code 2015, is amended to read as follows:

31 (2) If the licensee of the racetrack enclosure has been
32 issued a table games license during the fiscal year or prior
33 fiscal year and the adjusted gross receipts from gambling games
34 of the licensee in the prior fiscal year were one hundred
35 million dollars or more, twenty-two percent on ~~adjusted~~ taxable

1 gross receipts received prior to the operational date and
2 twenty-four percent on ~~adjusted~~ taxable gross receipts received
3 on or after the operational date. For purposes of this
4 subparagraph, the operational date is the date the commission
5 determines table games became operational at the racetrack
6 enclosure.

7 Sec. 6. Section 99F.11, subsection 3, paragraphs a, b, and
8 c, Code 2015, are amended to read as follows:

9 a. If the gambling excursion originated at a dock located
10 in a city, one-half of one percent of the ~~adjusted~~ taxable
11 gross receipts shall be remitted to the treasurer of the city
12 in which the dock is located and shall be deposited in the
13 general fund of the city. Another one-half of one percent of
14 the ~~adjusted~~ taxable gross receipts shall be remitted to the
15 treasurer of the county in which the dock is located and shall
16 be deposited in the general fund of the county.

17 b. If the gambling excursion originated at a dock located
18 in a part of the county outside a city, one-half of one percent
19 of the ~~adjusted~~ taxable gross receipts shall be remitted to
20 the treasurer of the county in which the dock is located and
21 shall be deposited in the general fund of the county. Another
22 one-half of one percent of the ~~adjusted~~ taxable gross receipts
23 shall be remitted to the treasurer of the Iowa city nearest to
24 where the dock is located and shall be deposited in the general
25 fund of the city.

26 c. Eight-tenths of one percent of the ~~adjusted~~ taxable gross
27 receipts ~~tax~~ shall be deposited in the county endowment fund
28 created in section 15E.311.

29 Sec. 7. Section 99F.11, subsection 3, paragraph d,
30 unnumbered paragraph 1, Code 2015, is amended to read as
31 follows:

32 Two-tenths of one percent of the ~~adjusted~~ taxable gross
33 receipts ~~tax~~ shall be allocated each fiscal year as follows:

34 Sec. 8. Section 99F.11, subsection 3, paragraph e, Code
35 2015, is amended to read as follows:

1 e. The remaining amount of the ~~adjusted~~ taxable gross
2 receipts tax shall be credited as provided in section 8.57,
3 subsection 5.

4 Sec. 9. NEW SECTION. 99F.11A Promotional play receipts tax
5 — repeal.

6 1. A qualified sponsoring organization conducting gambling
7 games at a pari-mutuel racetrack enclosure licensed under
8 section 99F.4A, or on an excursion gambling boat or gambling
9 structure licensed under section 99F.7, shall pay a tax on
10 promotional play receipts each fiscal year as provided in this
11 section.

12 2. The tax rate imposed each fiscal year on any amount of
13 promotional play receipts of a licensee subject to tax shall
14 be at the rate specified for that licensee on taxable gross
15 receipts as provided in section 99F.11, subsection 2, subject
16 to the limitation provided in subsection 3 of this section.

17 3. The total taxes paid in a fiscal year by all licensees
18 on promotional play receipts shall not exceed the following
19 amounts for the following fiscal years:

20 a. For the fiscal year beginning July 1, 2015, and ending
21 June 30, 2016, twenty-seven million dollars.

22 b. For the fiscal year beginning July 1, 2016, and ending
23 June 30, 2017, twenty-two million dollars.

24 c. For the fiscal year beginning July 1, 2017, and ending
25 June 30, 2018, seventeen million dollars.

26 d. For the fiscal year beginning July 1, 2018, and ending
27 June 30, 2019, twelve million dollars.

28 e. For the fiscal year beginning July 1, 2019, and ending
29 June 30, 2020, seven million dollars.

30 f. For the fiscal year beginning July 1, 2020, and ending
31 June 30, 2021, two million dollars.

32 4. The taxes imposed by this section shall be paid by
33 the licensee to the treasurer of state within ten days after
34 the close of the day when the wagers were made and shall be
35 distributed as follows:

1 *a.* If the excursion gambling boat, gambling structure, or
2 racetrack enclosure is located in a city, an amount equal to
3 two percent of the promotional play receipts tax paid shall be
4 remitted to the treasurer of the city in which the excursion
5 gambling boat, gambling structure, or racetrack enclosure is
6 located and shall be deposited in the general fund of the
7 city. Another two percent of the promotional play receipts tax
8 paid shall be remitted to the treasurer of the county in which
9 the excursion gambling boat, gambling structure, or racetrack
10 enclosure is located and shall be deposited in the general fund
11 of the county.

12 *b.* If the excursion gambling boat, gambling structure, or
13 racetrack enclosure is located in a part of the county outside
14 a city, two percent of the promotional play receipts tax paid
15 shall be remitted to the treasurer of the county in which the
16 excursion gambling boat, gambling structure, or racetrack
17 enclosure is located and shall be deposited in the general
18 fund of the county. Another two percent of the promotional
19 play receipts tax paid shall be remitted to the treasurer of
20 the Iowa city nearest to where the excursion gambling boat,
21 gambling structure, or racetrack enclosure is located and shall
22 be deposited in the general fund of the city.

23 *c.* Four percent of the promotional play receipts tax paid
24 shall be deposited in the county endowment fund created in
25 section 15E.311.

26 *d.* One percent of the promotional play receipts tax paid
27 is appropriated to the community development division of the
28 economic development authority for the purposes of regional
29 tourism marketing. The moneys appropriated in this paragraph
30 shall be disbursed to the authority in quarterly allotments.
31 However, moneys appropriated under this paragraph shall not be
32 used for administrative purposes.

33 *e.* The remaining amount of the promotional play receipts tax
34 paid shall be credited to the rebuild Iowa infrastructure fund
35 created in section 8.57.

1 5. The commission shall adopt rules pursuant to chapter 17A
2 to administer this section, to include the manner of ensuring
3 that the total taxes paid by licensees under this section do
4 not exceed the limitations provided in subsection 3 and the
5 manner of refunding any taxes paid in excess of the limitations
6 provided in subsection 3.

7 6. This section is repealed July 1, 2021.

8

EXPLANATION

9 The inclusion of this explanation does not constitute agreement with
10 the explanation's substance by the members of the general assembly.

11 This bill concerns wagering taxes on gambling game receipts
12 as provided in Code chapter 99F.

13 Code section 99F.1 is amended by adding two new definitions.
14 "Promotional play receipts" is defined as the total sums
15 wagered on gambling games with tokens, chips, electronic
16 credits, or other forms of cashless wagering provided by
17 a licensee without an exchange of money. "Taxable gross
18 receipts" is defined as adjusted gross receipts less
19 promotional play receipts.

20 Code section 99F.11, providing for the wagering tax, is
21 amended to provide that the wagering tax is calculated on the
22 taxable gross receipts of a gambling game licensee instead of
23 the adjusted gross receipts.

24 New Code section 99F.11A provides for a wagering tax on
25 promotional play receipts. The Code section provides for the
26 tax rate on promotional play receipts and provides for the
27 distribution of taxes received from promotional play receipts.
28 The bill specifies the tax rate as the rate applied to taxable
29 gross receipts over \$3 million and specifies that the tax
30 receipts from promotional play are to be distributed to cities
31 and counties where the gambling structures are located, the
32 county endowment fund, the community development division of
33 the economic development authority, and to the rebuild Iowa
34 infrastructure fund created in Code section 8.57, in a manner
35 based on the distribution of wagering taxes in Code section

H.F. 636

1 99F.11. The bill then provides that the total taxes paid by
2 all gambling game licensees on promotional play receipts shall
3 not exceed a certain dollar amount for designated fiscal years.
4 For the fiscal year beginning July 1, 2015, total taxes paid
5 shall not exceed \$27 million. For each successive fiscal year,
6 the maximum of total taxes paid by all licensees is reduced
7 by \$5 million until the total taxes paid for the fiscal year
8 beginning July 1, 2020, shall not exceed \$2 million. The new
9 Code section is repealed July 1, 2021.