

House Study Bill 110 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON SANDS)

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 credit, and including
4 effective date provisions.

5 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*" means wagers
4 conducted with tokens, chips, electronic credits, or other
5 forms of cashless wagering provided by the licensee without an
6 exchange of money as described in section 99F.9, subsection 3.

7 NEW SUBSECTION. 22. "*Taxable gross receipts*" means the
8 adjusted gross receipts less the total sums wagered through
9 promotional play.

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. GAMBLING GAMES WAGERING TAX CREDIT — PROMOTIONAL
5 PLAY.

6 1. For the fiscal years beginning July 1, 2015, and July 1,
7 2016, each licensee subject to the wagering tax as provided in
8 section 99F.11 shall report to the racing and gaming commission
9 by the end of each fiscal year an amount representing the total
10 sums wagered through promotional play, as defined in section
11 99F.1, as amended by this Act, for that fiscal year at the
12 licensed premises of the licensee multiplied by the tax rate
13 applicable to the licensee as determined in section 99F.11,
14 subsection 2, Code 2015. The racing and gaming commission
15 shall aggregate the amounts reported for each fiscal year
16 and determine for each licensee the proportion, stated as a
17 percentage, that the amount reported by that licensee for that
18 fiscal year bears to the total amount reported by all licenses
19 for that fiscal year.

20 2. For the fiscal year beginning July 1, 2016, each licensee
21 subject to the wagering tax as provided in section 99F.11, Code
22 2015, shall receive a wagering tax credit, as determined by
23 the racing and gaming commission pursuant to the requirements
24 of this subsection, on the wagering taxes imposed on that
25 licensee as calculated pursuant to section 99F.11, Code 2015.
26 The wagering tax credit for each licensee shall be an amount
27 equal to the percentage for each licensee, as calculated by
28 the racing and gaming commission pursuant to subsection 1 for
29 the fiscal year beginning July 1, 2015, multiplied by the tax
30 credit amount, if positive. For purposes of this subsection,
31 "tax credit amount" means an amount equal to the total
32 aggregate amount determined by the racing and gaming commission
33 under subsection 1 for the fiscal year beginning July 1, 2015,
34 reduced by twenty-three million three hundred twenty thousand
35 dollars.

1 tokens, chips, electronic credits, or other forms of cashless
2 wagering provided by the licensee without an exchange of money.
3 "Taxable gross receipts" is defined as adjusted gross receipts
4 less the total sums wagered through promotional play.

5 Code section 99F.11, providing for the wagering tax, is
6 amended to provide that the wagering tax is calculated on the
7 taxable gross receipts of a gambling game licensee instead
8 of the adjusted gross receipts. The bill provides that this
9 change takes effect July 1, 2017.

10 The bill also provides a gambling games wagering tax credit
11 for licensees for the fiscal years beginning July 1, 2016,
12 and July 1, 2017. The bill directs the racing and gaming
13 commission to determine, for the fiscal years beginning July 1,
14 2015, and July 1, 2016, the total sums wagered each fiscal year
15 through promotional play, as defined by the bill, for purposes
16 of calculating the wagering tax credit. For the fiscal year
17 beginning July 1, 2016, each gambling games licensee receives a
18 wagering tax credit for its pro rata share of the amount that
19 wagering taxes on promotional play exceeded \$23.32 million for
20 the fiscal year beginning July 1, 2015. For the fiscal year
21 beginning July 1, 2017, each gambling games licensee receives
22 a wagering tax credit for its pro rata share of the amount
23 that wagering taxes on promotional play exceed the greater
24 of \$23.32 million less the difference between the amount of
25 adjusted gross receipts taxes the state collects in the fiscal
26 year beginning July 1, 2016, relative to the amount the state
27 collected in the fiscal year beginning July 1, 2014; or \$11.66
28 million.