

**Senate Study Bill 1027 - Introduced**

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON DAWSON)

**A BILL FOR**

1 An Act relating to promotional play receipts, gambling games,  
2 and sports wagering.

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

1 Section 1. Section 99F.1, subsections 1, 25, and 30, Code  
2 2021, are amended to read as follows:

3 1. "*Adjusted gross receipts*" means the gross receipts on  
4 gambling games less winnings paid to wagerers on gambling games  
5 and less promotional play receipts on gambling games. However,  
6 for each fiscal year during the time period beginning July 1,  
7 2021, and ending June 30, 2024, "*adjusted gross receipts*" ~~does~~  
8 ~~not shall~~ include promotional play receipts ~~received after the~~  
9 ~~date in any fiscal year that the commission determines that~~  
10 ~~the wagering tax imposed pursuant to [section 99F.11](#) on all~~  
11 ~~licensees in that fiscal year on promotional play receipts~~  
12 ~~exceeds twenty-five million eight hundred twenty thousand~~  
13 ~~dollars on gambling games.~~

14 25. "*Promotional play receipts*" means the total sums wagered  
15 ~~on gambling games~~ with tokens, chips, electronic credits, or  
16 other forms of cashless wagering provided by the licensee  
17 without an exchange of money as described in section 99F.9,  
18 subsection 3.

19 30. "*Sports wagering net receipts*" means the gross receipts  
20 less winnings paid to wagerers and less promotional play  
21 receipts on sports wagering.

22 Sec. 2. Section 99F.6, subsection 4, paragraph a,  
23 subparagraphs (3) and (5), Code 2021, are amended to read as  
24 follows:

25 (3) The commission shall authorize, subject to the debt  
26 payments for horse racetracks and the provisions of paragraph  
27 "b" for dog racetracks, a licensee who is also licensed to  
28 conduct pari-mutuel dog or horse racing to use receipts  
29 from gambling games and sports wagering within the racetrack  
30 enclosure to supplement purses for races particularly for  
31 Iowa-bred horses pursuant to an agreement which shall be  
32 negotiated between the licensee and representatives of the  
33 dog or horse owners. For agreements subject to commission  
34 approval concerning purses for horse racing beginning on or  
35 after January 1, 2006, the agreements shall provide that total

1 annual purses for all horse racing shall be four percent of  
2 sports wagering net receipts and promotional play receipts on  
3 sports wagering and no less than eleven percent of the first  
4 two hundred million dollars of net receipts, and six percent of  
5 net receipts above two hundred million dollars. In addition,  
6 live standardbred horse racing shall not be conducted at the  
7 horse racetrack in Polk county, but the purse moneys designated  
8 for standardbred racing pursuant to section 99D.7, subsection  
9 5, paragraph "b", shall be included in calculating the total  
10 annual purses required to be paid pursuant to **this subsection**.  
11 Agreements that are subject to commission approval concerning  
12 horse purses for a period of time beginning on or after January  
13 1, 2006, shall be jointly submitted to the commission for  
14 approval.

15 (5) For purposes of this paragraph, "*net receipts*" means  
16 the annual adjusted gross receipts from all gambling games  
17 and, beginning July 1, 2024, promotional play receipts on all  
18 gambling games less the annual amount of money pledged by the  
19 owner of the facility to fund a project approved to receive  
20 vision Iowa funds as of July 1, 2004.

21 Sec. 3. Section 99F.11, Code 2021, is amended by adding the  
22 following new subsection:

23 NEW SUBSECTION. 2A. a. Notwithstanding any provision  
24 of this section to the contrary, the tax rate imposed on a  
25 licensee each fiscal year on any amount of promotional play  
26 receipts on gambling games included as adjusted gross receipts  
27 shall be determined by multiplying the adjusted percentage  
28 by the wagering tax applicable to the licensee pursuant to  
29 subsection 2.

30 b. For purposes of this subsection, "*adjusted percentage*"  
31 means as follows:

32 (1) For the fiscal year beginning July 1, 2021, and ending  
33 June 30, 2022, seventy-five percent.

34 (2) For the fiscal year beginning July 1, 2022, and ending  
35 June 30, 2023, fifty percent.

1 (3) For the fiscal year beginning July 1, 2023, and ending  
2 June 30, 2024, twenty-five percent.

3 c. This subsection is repealed July 1, 2024.

4 EXPLANATION

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

7 This bill concerns promotional play receipts for purposes of  
8 Code chapter 99F governing gambling games and sports wagering.  
9 Code section 99F.1, concerning definitions, is amended.

10 The bill amends the definition of adjusted gross receipts on  
11 gambling games to provide that adjusted gross receipts includes  
12 promotional play receipts through June 30, 2024, and excludes  
13 them thereafter. Currently, adjusted gross receipts includes  
14 promotional play receipts until the date in any fiscal year  
15 that the wagering tax on the portion of adjusted gross receipts  
16 representing promotional play receipts exceeds \$25,820,000.  
17 The bill also amends the definition of sports wagering net  
18 receipts to exclude promotional play receipts on sports  
19 wagering.

20 Code section 99F.6, concerning applicant requirements, is  
21 amended to provide that promotional play receipts on sports  
22 wagering and gambling games shall be included for purposes of  
23 determining total annual purses for horse racing.

24 Code section 99F.11, establishing tax rates for gambling  
25 games and sports wagering, is amended. The bill establishes  
26 a new subsection that provides for a different tax rate to be  
27 applied to promotional play receipts as a portion of adjusted  
28 gross receipts on gambling games. The bill provides that the  
29 applicable tax rate is the rate applied per licensee pursuant  
30 to subsection 2 multiplied by an adjusted percentage. The bill  
31 provides that the adjusted percentage for FY 2021-2022 is 75  
32 percent; for FY 2022-2023, 50 percent; and for FY 2023-2024, 25  
33 percent. This new subsection is repealed July 1, 2024.