

House File 673 - Introduced

HOUSE FILE 673

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 122)

A BILL FOR

1 An Act relating to certain tax receipts on internet fantasy
2 sports contests and sports wagering, providing for tax
3 credits, making appropriations, and including applicability,
4 retroactive applicability, and effective date provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

SPORTS WAGERING RECEIPTS

Section 1. Section 8.57, subsection 6, Code 2023, is amended by adding the following new paragraphs:

NEW PARAGRAPH. *f.* For the fiscal year beginning July 1, 2023, any unobligated and unencumbered moneys in the sports wagering receipts fund from the previous fiscal year are appropriated to the county endowment fund created in section 15E.311.

NEW PARAGRAPH. *g.* This subsection is repealed June 30, 2024.

Sec. 2. Section 15E.311, subsection 3, paragraph a, Code 2023, is amended to read as follows:

a. At the end of each fiscal year, moneys in the fund shall be transferred into separate accounts within the fund and designated for use by each county in which no licensee authorized to conduct gambling games under [chapter 99F](#) was located during that fiscal year. Moneys transferred to county accounts shall be divided equally among the counties. Moneys transferred into an account for a county shall be transferred by the department to an eligible county recipient for that county. Of the moneys transferred, an eligible county recipient shall distribute seventy-five percent of the moneys as grants to charitable organizations for charitable purposes in that county and shall retain twenty-five percent of the moneys for use in establishing a permanent endowment fund for the benefit of charitable organizations for charitable purposes. In addition, of the moneys transferred ~~from moneys appropriated to the fund from the sports wagering receipts fund created in [section 8.57, subsection 6](#)~~, and distributed, eligible county recipients shall give consideration for grants, upon application, to a charitable organization that operates a racetrack facility that conducts automobile races in that county. Of the amounts distributed, eligible county recipients shall give special consideration to grants for projects that

1 include significant vertical infrastructure components designed
2 to enhance quality of life aspects within local communities.
3 In addition, as a condition of receiving a grant, the governing
4 body of a charitable organization receiving a grant shall
5 approve all expenditures of grant moneys and shall allow a
6 state audit of expenditures of all grant moneys.

7 Sec. 3. Section 99E.6, subsection 2, Code 2023, is amended
8 to read as follows:

9 2. The taxes imposed by this section for internet fantasy
10 sports contests authorized under this chapter shall be paid by
11 the internet fantasy sports contest service provider to the
12 treasurer of state as determined by the commission and shall be
13 ~~credited as provided in section 8.57, subsection 6~~ deposited in
14 the county endowment fund created in section 15E.311.

15 Sec. 4. Section 99F.11, subsection 5, paragraph b, Code
16 2023, is amended to read as follows:

17 b. The taxes imposed by this subsection for sports wagering
18 authorized under this chapter shall be paid by the licensed
19 operator to the treasurer of state as determined by the
20 commission and shall be ~~credited as provided in section 8.57,~~
21 ~~subsection 6~~ distributed as follows:

22 (1) One million seven hundred fifty thousand dollars of
23 taxes paid is appropriated each fiscal year to the department
24 of health and human services for purposes of the gambling
25 treatment program established in section 135.150.

26 (2) One million dollars shall be deposited in the general
27 fund of the state for purposes of section 15E.305.

28 (3) Eighty-five percent of the remaining amount of taxes
29 paid after the distributions made in subparagraphs (1) and (2)
30 shall be deposited in the county endowment fund created in
31 section 15E.311.

32 (4) The remaining amount of taxes paid after the
33 distributions made in this paragraph shall be appropriated to
34 the economic development authority for distribution to each
35 qualified sponsoring organization licensed to operate gambling

1 games under this chapter on an equal basis.

2 DIVISION II

3 SPORTS WAGERING RECEIPTS FUND APPROPRIATION

4 Sec. 5. SPORTS WAGERING RECEIPTS FUND. There is
5 appropriated from the sports wagering receipts fund created in
6 section 8.57, subsection 6, to the general fund of the state
7 for the fiscal year beginning July 1, 2022, and ending June 30,
8 2023, the following amount to be used for purposes of section
9 15E.305:

10 \$ 7,000,000

11 Sec. 6. EFFECTIVE DATE. This division of this Act, being
12 deemed of immediate importance, takes effect upon enactment.

13 DIVISION III

14 ENDOW IOWA TAX CREDIT — TAX YEAR 2023

15 Sec. 7. ENDOW IOWA TAX CREDIT — TAX YEAR 2023.

16 Notwithstanding any provision of section 15E.305 to the
17 contrary, the aggregate amount of tax credits authorized
18 pursuant to section 15E.305 shall not exceed a total of
19 thirteen million dollars for the tax year beginning on or after
20 January 1, 2023, but before January 1, 2024.

21 Sec. 8. EFFECTIVE DATE. This division of this Act, being
22 deemed of immediate importance, takes effect upon enactment.

23 Sec. 9. RETROACTIVE APPLICABILITY. This division of this
24 Act applies retroactively to January 1, 2023, and applies to
25 the tax year beginning on or after January 1, 2023, but before
26 January 1, 2024.

27 DIVISION IV

28 ENDOW IOWA TAX CREDIT — TAX YEARS BEGINNING ON OR AFTER TAX
29 YEAR 2024

30 Sec. 10. Section 15E.305, subsection 2, unnumbered
31 paragraph 1, Code 2023, is amended to read as follows:

32 The aggregate amount of tax credits authorized pursuant to
33 this section shall not exceed a total of ~~six~~ seven million
34 dollars annually.

35 Sec. 11. APPLICABILITY. This division of this Act applies

1 to tax years beginning on or after January 1, 2024.

2 DIVISION V

3 ENDOW IOWA TAX CREDIT — GIFTS MADE PRIOR TO 2023

4 Sec. 12. 2022 Iowa Acts, chapter 1002, is amended by adding
5 the following new section:

6 NEW SECTION. SEC. 54A. APPLICABILITY. The following
7 applies to endowment gifts made to an endow Iowa qualified
8 community foundation on or after January 1, 2023:

9 The section of this division of this Act amending section
10 15E.305, subsection 2, paragraph "a".

11 Sec. 13. 2022 Iowa Acts, chapter 1002, section 55, is
12 amended to read as follows:

13 SEC. 55. APPLICABILITY. This Except as otherwise provided
14 by this division of this Act, this division of this Act applies
15 to tax years beginning on or after January 1, 2023.

16 Sec. 14. EFFECTIVE DATE. This division of this Act, being
17 deemed of immediate importance, takes effect upon enactment.

18 Sec. 15. RETROACTIVE APPLICABILITY. This division of this
19 Act applies retroactively to January 1, 2023.

20 EXPLANATION

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

23 This bill concerns the distribution of tax receipts from
24 internet fantasy sports contests and sports wagering. The bill
25 is organized by divisions.

26 Division I of the bill provides that taxes imposed and
27 collected for internet fantasy sports contests shall be
28 deposited in the county endowment fund created in Code section
29 15E.311 and not the sports wagering receipts fund. The bill
30 also provides that taxes imposed and collected for sports
31 wagering shall not be deposited in the sports wagering receipts
32 fund. Instead, the bill provides that the first \$1.75 million
33 of taxes paid on sports wagering shall be appropriated to
34 the department of health and human services for purposes of
35 the gambling treatment program, the next \$1 million shall be

1 deposited in the general fund for purposes of the endow Iowa
2 tax credit, 85 percent of the remaining amount of taxes paid
3 shall be deposited in the county endowment fund created in
4 Code section 15E.311, and the remaining amount of taxes paid
5 after all other distributions are made shall be appropriated
6 to the economic development authority for equal distribution
7 to qualified sponsoring organizations licensed to operate
8 gambling games under Code chapter 99F. The bill provides that
9 for the fiscal year beginning July 1, 2023, any unobligated and
10 unencumbered moneys in the sports wagering receipts fund from
11 the previous fiscal year shall be appropriated to the county
12 endowment fund. The bill strikes a reference to the sports
13 wagering receipts fund in Code section 15E.311 and provides
14 that the sports wagering receipts fund is repealed June 30,
15 2024.

16 Division II of the bill appropriates \$7 million from the
17 sports wagering receipts fund to the general fund for the
18 fiscal year beginning July 1, 2022, for purposes of the endow
19 Iowa tax credit. The division takes effect upon enactment.

20 Division III of the bill relates to the maximum amount of
21 tax credits authorized for the endow Iowa tax credit for the
22 tax year beginning on or after January 1, 2023, but before
23 January 1, 2024. The bill increases the maximum amount of tax
24 credits authorized for tax year 2023 from \$6 million to \$13
25 million. The division takes effect upon enactment and applies
26 retroactively to the tax year beginning on or after January 1,
27 2023, but before January 1, 2024.

28 Division IV of the bill relates to the maximum amount of tax
29 credits authorized for the endow Iowa tax credit for tax years
30 beginning on or after January 1, 2024. The bill increases
31 the maximum amount of tax credits authorized for tax years
32 beginning on or after January 1, 2024, to \$7 million. The
33 division applies to tax years beginning on or after January 1,
34 2024.

35 Division V of the bill provides that the changes made in

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1 2022 Iowa Acts, chapter 1002, to the maximum amount of tax
2 credits authorized for the endow Iowa tax credit do not apply
3 to endowment gifts made to an endow Iowa qualified foundation
4 prior to January 1, 2023. The division takes effect upon
5 enactment and applies retroactively to January 1, 2023.