

**House File 2089 - Introduced**

HOUSE FILE 2089  
BY LAWLER

**A BILL FOR**

1 An Act relating to the distribution of gambling games and sports  
2 wagering receipts in this state for nonprofit purposes, and  
3 including applicability provisions.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

unofficial

1 Section 1. Section 99F.6, subsection 4, paragraph a,  
2 subparagraph (2), Code 2026, is amended to read as follows:

3 (2) (a) A qualified sponsoring organization licensed to  
4 operate gambling games under this chapter shall distribute  
5 the receipts of all gambling games, less reasonable expenses,  
6 charges, taxes, fees, and deductions allowed under this chapter,  
7 as winnings to players or participants or shall distribute the  
8 receipts for educational, civic, public, charitable, patriotic,  
9 or religious uses as defined in section 99B.1. A qualified  
10 sponsoring organization shall provide that any organization  
11 exempt from federal income taxes under section 501(c)(19) of  
12 the Internal Revenue Code, as defined in section 422.3, shall  
13 be eligible for a distribution of adjusted gross receipts for  
14 educational, civic, public, charitable, patriotic, or religious  
15 uses as required by this subparagraph. However, a licensee  
16 to conduct gambling games under this chapter shall, unless an  
17 operating agreement for an excursion gambling boat otherwise  
18 provides, distribute at least three percent of the adjusted  
19 gross receipts and, if applicable, three-quarters of one percent  
20 of sports wagering net receipts for each license year for  
21 educational, civic, public, charitable, patriotic, or religious  
22 uses as defined in section 99B.1, as provided in subparagraph  
23 division (b). However, if a licensee who is also licensed to  
24 conduct pari-mutuel wagering at a horse racetrack has unpaid debt  
25 from the pari-mutuel racetrack operations, the first receipts of  
26 the gambling games operated within the racetrack enclosure less  
27 reasonable operating expenses, taxes, and fees allowed under this  
28 chapter shall be first used to pay the annual indebtedness.

29 (b) (i) A licensee making a required distribution for  
30 educational, civic, public, charitable, patriotic, or religious  
31 uses pursuant to subparagraph division (a) shall distribute at  
32 least seventy-five percent of the moneys on a pro rata basis,  
33 as provided in subparagraph subdivision (ii), for use in each  
34 Iowa county whose residents contributed to the gambling games or  
35 sports wagering receipts of the licensee.

1     (ii) The licensee shall collect and maintain records to  
2 determine the county of residence of all players or participants  
3 who contributed to the gambling games or sports wagering receipts  
4 of the licensee and the amount of receipts attributable to  
5 each player or participant. The distribution to be made for  
6 use in each Iowa county shall be based on the gross receipts  
7 generated by players or participants from a given Iowa county in  
8 comparison to the total such gross receipts generated by players  
9 or participants from all Iowa counties. Receipts generated  
10 by persons who are not residents of Iowa or whose county of  
11 residence cannot be verified shall be distributed proportionally  
12 in each Iowa county based on the distribution calculated for  
13 gross receipts generated by players or participants from Iowa  
14 counties.

15     (iii) This subparagraph division (b) does not restrict the  
16 distribution of gambling games or sports wagering receipts of  
17 a licensee in excess of seventy-five percent of the moneys  
18 distributed. Such receipts shall be distributed as otherwise  
19 authorized or required by law.

20     (iv) A licensee shall file an annual report with the  
21 commission that includes all of the following, which the  
22 commission shall post publicly on the commission's internet site:

23     (A) The total amount of the licensee's gambling games and  
24 sports wagering receipts generated by residents of each Iowa  
25 county.

26     (B) The total amount of the licensee's gambling games and  
27 sports wagering receipts generated by persons who are not  
28 residents of Iowa or whose county of residence cannot be  
29 verified.

30     (C) The total amount of moneys distributed by the licensee  
31 under this subparagraph (2).

32     (D) The amount of moneys distributed to each Iowa county by  
33 the licensee under this subparagraph (2).

34     (v) (A) A licensee who fails to comply with this  
35 subparagraph division (b) shall be subject to a civil penalty not

1 to exceed five percent of the total amount of moneys required to  
2 be distributed by the licensee under this subparagraph (2), to  
3 be imposed and collected by the commission and deposited in the  
4 general fund of the state.

5 (B) The commission may order a licensee that fails to comply  
6 with this subparagraph division (b) to redistribute the moneys as  
7 required by law.

8 (C) A licensee that willfully or repeatedly fails to  
9 comply with this subparagraph division (b) shall be subject  
10 to additional discipline by the commission, which may include  
11 suspension of the licensee's license.

12 Sec. 2. APPLICABILITY. This Act applies to gambling games  
13 and sports wagering receipts collected in a fiscal year beginning  
14 on or after the effective date of this Act.

15 EXPLANATION

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

18 This bill relates to the allocation of required nonprofit  
19 distributions of gambling games and sports wagering receipts.  
20 Under current law, most licensees are required to distribute at  
21 least 3 percent of the licensee's adjusted gross receipts from  
22 gambling games and three-quarters of 1 percent of net receipts  
23 from sports wagering to organizations dedicated to civic, public,  
24 charitable, patriotic, or religious uses. The bill requires 75  
25 percent of these distributions to be made on a pro rata basis for  
26 use in Iowa counties whose residents are known to the licensee  
27 to have contributed to the gambling games and sports wagering  
28 receipts of the licensee.

29 To calculate the percentage of a distribution that will be  
30 made for use in each Iowa county, the bill requires the licensee  
31 to collect and maintain records to determine the county of  
32 residence of all players and participants who contributed to  
33 the gambling games or sports wagering receipts of the licensee  
34 and the amount each player or participant contributed to such  
35 receipts. The distribution to be made for use in each Iowa

1 county is based on the gross receipts generated by players or  
2 participants from a given Iowa county in comparison to the total  
3 such gross receipts generated by players or participants from all  
4 Iowa counties. The bill requires receipts generated by persons  
5 who are not residents of Iowa or whose county of residence cannot  
6 be verified to be distributed proportionally among Iowa counties  
7 based on the same calculation. The bill does not restrict  
8 the distribution of gambling games or sports wagering receipts  
9 in excess of 75 percent of the moneys distributed. The bill  
10 requires each licensee to file an annual report with the state  
11 racing and gaming commission (commission) regarding distributions  
12 made by the licensee, which the commission shall post on the  
13 commission's internet site.

14 A licensee who fails to make distributions as required by the  
15 bill shall be subject to a civil penalty not to exceed 5 percent  
16 of the total amount of moneys required to be distributed by the  
17 licensee, to be collected by the commission and deposited in  
18 the general fund of the state. The bill allows the commission  
19 to order the redistribution of moneys that are not distributed  
20 as required by the bill. The bill also allows the commission  
21 to impose additional discipline on a licensee that willfully  
22 or repeatedly fails to comply with the bill, which may include  
23 suspension of the licensee's license.

24 The bill applies to gambling games and sports wagering  
25 receipts collected in a fiscal year beginning on or after the  
26 effective date of the bill.