

**House Study Bill 344 - Introduced**

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON WAYS  
AND MEANS BILL BY CHAIRPERSON  
KAUFMANN)

**A BILL FOR**

1 An Act relating to horse racing by transferring certain portions  
2 of the state sales tax for the purpose of supplementing horse  
3 race purses, and making appropriations.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. **99D.9E Horse racing purse fund.**

2 1. A horse racing purse fund is created in the state treasury  
3 under the control of the commission.

4 2. The fund shall consist of all of the moneys transferred to  
5 the fund pursuant to section 423.2A.

6 3. Beginning April 1, 2026, and each April 1 thereafter,  
7 moneys in the fund shall be appropriated to the commission for  
8 deposit into the fund for the purpose of supplementing the purse  
9 moneys in proportion to the designated purse structure under  
10 section 99D.7, subsection 5, paragraph "b". The moneys in the  
11 fund shall be transferred to the horse racing purse supplement  
12 escrow account established in section 99D.9F by April 15 each  
13 year.

14 4. Section 8.33 does not apply to moneys in the fund.  
15 Notwithstanding section 12C.7, subsection 2, interest or earnings  
16 on moneys deposited in the fund shall be credited to the fund.

17 5. The commission shall assist the department of revenue to  
18 identify retailers involved in the sale of tangible personal  
19 property used in horse-related care products in this state that  
20 may be subject to the provision of section 423.2A, subsection 2,  
21 paragraph "h".

22 6. The commission shall adopt rules to administer this  
23 section.

24 Sec. 2. NEW SECTION. **99D.9F Horse racing purse supplement**  
25 **escrow account.**

26 1. A licensee that receives purse supplement payments shall  
27 establish an escrow account under its control for the receipt and  
28 deposit of moneys transferred to the licensee for the purpose of  
29 horse racing purse supplements.

30 2. The licensee shall use any moneys in the escrow account to  
31 supplement the purse moneys in proportion to the designated purse  
32 structure in section 99D.7, subsection 5, paragraph "b".

33 Sec. 3. Section 423.2A, subsection 2, Code 2025, is amended  
34 by adding the following new paragraph:

35 NEW PARAGRAPH. *h.* Beginning the first day of the quarter

1 following July 1, 2025, transfer to the horse racing purse fund  
2 created in section 99D.9E, that portion of the sales tax receipts  
3 collected and remitted upon sales of tangible personal property  
4 imposed upon the purchasers of feed, supplements, bedding, tack,  
5 grooming, and other materials directly and materially used in the  
6 care of race horses.

7 EXPLANATION

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

10 This bill transfers the portion of the state sales tax imposed  
11 on the purchase of certain supplies used in the care of race  
12 horses for the purpose of supplementing horse racing purses.

13 Subsequent to the deposit into the general fund of the state,  
14 the bill requires the director of the department of revenue to  
15 credit an amount equal to the product of the sales tax rate  
16 multiplied by the sales price of the tangible personal property  
17 imposed upon the purchasers of certain materials directly and  
18 materially used in the care of race horses into the horse racing  
19 purse fund created in new Code section 99D.9E.

20 The bill creates a horse racing purse fund in the state  
21 treasury under the control of the state racing and gaming  
22 commission. Beginning April 1, 2026, and each April 1  
23 thereafter, the bill appropriates the moneys in the fund to the  
24 state racing and gaming commission (commission) for deposit into  
25 the fund to supplement horse racing purse moneys in proportion to  
26 the designated purse structure under Code section 99D.7(5)(b).

27 Prior to receiving supplemental horse racing purse moneys,  
28 the bill requires a licensee under Code chapter 99D (pari-mutuel  
29 wagering) that receives such payments from the commission to  
30 establish an escrow account under its control for the receipt  
31 and deposit of the moneys transferred by the commission to the  
32 licensee from the horse racing purse fund.

33 The bill requires the licensee to use any moneys deposited  
34 into the escrow account to supplement the horse racing purse  
35 moneys in proportion to the designated purse structure in Code

1 section 99D.7(5)(b).

2 The bill requires the department of revenue to assist  
3 the commission to identify retailers involved in the sale of  
4 horse-related care products that may be subject to the bill.

5 The commission is required to adopt rules to administer the  
6 bill.

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