

Senate File 2101 - Introduced

SENATE FILE 2101

BY DICKEY

A BILL FOR

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

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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 the
32 moneys, including moneys from gambling games and sports wagering
33 receipts contributed by persons who are not residents of Iowa,
34 on a pro rata basis for use in each Iowa county whose residents
35 contributed to the gambling games or sports wagering receipts of

1 the licensee.

2 (ii) To determine the share of the moneys to be distributed
3 for use in each Iowa county, the licensee shall transmit to
4 the department of revenue a report of the counties of residence
5 of all persons known to the licensee to have contributed to
6 the gambling games or sports wagering receipts of the licensee
7 and the amount each such person contributed to the receipts of
8 the licensee. The licensee shall gather information for the
9 report from data players have given to the licensee, including
10 for participation in rewards programs. Within sixty days of
11 receipt of a report, the department of revenue shall inform the
12 licensee of the percentage of the distribution to be made for
13 use in each Iowa county, which shall be based on the amount
14 of contributions from the residents of a given Iowa county in
15 comparison to the total amount of contributions from residents of
16 Iowa who contributed to such receipts of the licensee.

17 (iii) If the distribution for use in an Iowa county would
18 amount to less than three percent of the total distribution,
19 or if the licensee does not receive a suitable application from
20 an organization for use of the distribution in the county, the
21 licensee may retain the moneys dedicated to distribution for use
22 in the county for a period not to exceed three years.

23 (iv) If a licensee does not receive a suitable application
24 for use of a distribution in a county within the three-year
25 period, the licensee shall transfer the moneys dedicated to
26 distribution for use in the county to the department of revenue
27 for deposit in the county's account in the county endowment fund
28 created pursuant to section 15E.311.

29 (v) A licensee may make a distribution under this
30 subparagraph division (b) to the department of revenue for
31 deposit in the county's account in the county endowment fund
32 created pursuant to section 15E.311.

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

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EXPLANATION

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

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

To calculate the percentage of a distribution that will be made for use in each Iowa county, the bill requires the licensee to transmit to the department of revenue (department) the counties of residence of all persons known to the licensee to have contributed to the gambling games or sports wagering receipts of the licensee and the amount each such person contributed to the receipts of the licensee. The licensee shall gather information for the report from data players have given to the licensee, including for participation in a rewards program. The department shall then inform the licensee of the percentage of the distribution to be made for use in each Iowa county, based on the amount of contributions from residents of the county. If the distribution within a county would amount to less than 3 percent of the total distribution, or if the licensee does not receive a suitable application from an organization for use in a county, the licensee may retain the moneys dedicated to distribution for use in that county for a period not to exceed three years. After three years, the bill requires a licensee to transfer the moneys to the department for deposit in the county's account in the county endowment fund if the licensee does not receive a suitable application from an organization for

1 use in that county. The bill also allows licensees to make
2 distributions under the bill to a county's account in the county
3 endowment fund.

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

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