

Senate File 625 - Introduced

SENATE FILE 625
BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO SF 613)
(SUCCESSOR TO SSB 1157)

A BILL FOR

1 An Act relating to gambling regulation, including enforcement,
2 license fees, tax rates, and the use of associated
3 revenue, making appropriations, and including effective date
4 provisions.

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

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1 Section 1. Section 8.57I, subsection 3, Code 2025, is amended
2 to read as follows:

3 3. a. Moneys in the sports wagering receipts fund in a
4 fiscal year shall be used as directed by the general assembly.

5 b. For the fiscal year beginning July 1, 2026, and each
6 fiscal year thereafter, there is appropriated from the sports
7 wagering receipts fund to the public safety equipment fund
8 created in section 80.48 eight million dollars. Subsections 4
9 and 5 do not apply to moneys appropriated under this paragraph.

10 Sec. 2. Section 80.43, subsection 1, Code 2025, is amended to
11 read as follows:

12 1. A gaming enforcement revolving fund is created in the
13 state treasury under the control of the department. The fund
14 shall consist of ~~fees collected and deposited into the fund~~
15 ~~paid by licensees pursuant to section 99D.14, subsection 2,~~
16 ~~paragraph "b", fees and costs paid by applicants pursuant to~~
17 ~~section 99E.4, subsection 4, and fees paid by licensees pursuant~~
18 ~~to section 99F.10, subsection 4, paragraph "b" any other moneys~~
19 appropriated to, transferred to, or deposited in the fund.

20 All costs for agents and officers plus any direct support
21 costs for such agents and officers of the division of criminal
22 investigation's racetrack, excursion boat, gambling structure,
23 and internet fantasy sports contests, as defined in section
24 99E.1, enforcement activities shall be paid from the fund as
25 provided in appropriations made for this purpose by the general
26 assembly.

27 Sec. 3. Section 99D.14, subsection 2, paragraph a,
28 subparagraph (1), Code 2025, is amended to read as follows:

29 (1) A licensee shall pay a regulatory fee to be charged as
30 provided in this section. In determining the regulatory fee
31 to be charged as provided under this section, the commission
32 shall use the amount appropriated to the commission ~~plus the~~
33 ~~cost of salaries for no more than three special agents assigned~~
34 ~~pursuant to the provisions of section 80.25A, for each racetrack~~
35 ~~that has not been issued a table games license under chapter~~

1 ~~99F or no more than three special agents assigned pursuant to~~
2 ~~the provisions of section 80.25A, for each racetrack that has~~
3 ~~been issued a table games license under chapter 99F, plus any~~
4 ~~direct and indirect support costs for the division of criminal~~
5 ~~investigation's duties pursuant to chapters 99D, 99E, and 99F,~~
6 ~~and section 80.25A, as the basis for determining the amount of~~
7 revenue to be raised from the regulatory fee.

8 Sec. 4. Section 99D.14, subsection 2, paragraphs b, e, and f,
9 Code 2025, are amended by striking the paragraphs.

10 Sec. 5. Section 99D.14, subsection 2, paragraph d, Code 2025,
11 is amended to read as follows:

12 d. The aggregate amount of the regulatory fee assessed under
13 paragraph "a" during each fiscal year shall be reduced by an
14 amount equal to the unexpended moneys from the previous fiscal
15 year that were deposited into the gaming regulatory revolving
16 ~~funds fund~~ established in ~~sections 80.43 and~~ section 99F.20
17 during that previous fiscal year.

18 Sec. 6. Section 99D.15, subsection 4, paragraph b, Code 2025,
19 is amended to read as follows:

20 b. If wagering on simultaneously telecast horse races and
21 dog races is conducted by a licensee under section 99D.9D, a
22 tax of two percent is imposed on the gross sum wagered by
23 the pari-mutuel method on horse races and dog races which are
24 simultaneously telecast in excess of twenty-five million dollars
25 in a calendar year. ~~Of the tax revenue collected from simulcast~~
26 ~~horse races under this paragraph, one-half of one percent of~~
27 ~~the gross sum wagered shall be remitted to the treasurer of the~~
28 ~~county in which a horse racetrack is located in this state and~~
29 ~~licensed under this chapter. The tax revenue from simulcast~~
30 horse races under this paragraph shall be deposited in the
31 Iowa horse racing fund created in section 99D.27B. The remaining
32 amount of tax revenue shall be deposited with the commission.

33 Sec. 7. Section 99D.17, Code 2025, is amended to read as
34 follows:

35 **99D.17 Use of funds moneys.**

1 ~~Funds~~ Unless otherwise provided by section 99D.15 or another
2 provision of law, moneys received pursuant to sections 99D.14
3 and 99D.15 shall be deposited as provided in section 8.57,
4 subsection 3. These ~~funds~~ moneys shall first be used to the
5 extent appropriated by the general assembly. The commission
6 is subject to the budget requirements of chapter 8 and the
7 applicable auditing requirements and procedures of chapter 11.

8 Sec. 8. NEW SECTION. **99D.27B Iowa horse racing fund.**

9 1. An Iowa horse racing fund is created in the state treasury
10 under the control of the commission.

11 2. The fund shall consist of tax revenue collected and
12 deposited in the fund pursuant to section 99D.15, subsection
13 4, and such other moneys appropriated to, transferred to, or
14 deposited in the fund.

15 3. a. Moneys in the fund are appropriated to the commission
16 for distribution in a manner and in an amount as determined by
17 the commission to individual entities or a recognized compact of
18 entities subject to the regulation of the horse racing industry
19 in accordance with the federal Horseracing Integrity and Safety
20 Act of 2020, 15 U.S.C. ch. 57A.

21 b. In the event that the federal Horseracing Integrity and
22 Safety Act of 2020, 15 U.S.C. ch. 57A, is repealed, moneys in the
23 fund shall be transferred to the rebuild Iowa infrastructure fund
24 created in section 8.57.

25 4. Members of the commission and those acting on behalf of
26 the commission assisting in the distribution of the moneys in the
27 fund shall be held harmless against any claim of liability made
28 by an individual or entity arising out of the distribution of the
29 moneys from the fund by the commission.

30 5. Section 8.33 does not apply to moneys in the fund.
31 Notwithstanding section 12C.7, subsection 2, interest or earnings
32 on moneys deposited in the fund shall be credited to the fund.

33 Sec. 9. Section 99F.5, subsection 2, Code 2025, is amended to
34 read as follows:

35 2. The annual license fee to operate an excursion gambling

1 boat shall be based on the passenger-carrying capacity including
2 crew, for which the excursion gambling boat is registered. For a
3 gambling structure, the annual license fee shall be based on the
4 capacity of the gambling structure. The annual fee shall be ~~five~~
5 ten dollars per person capacity.

6 Sec. 10. Section 99F.10, subsection 4, paragraph a, Code
7 2025, is amended to read as follows:

8 a. In determining the license fees and state regulatory fees
9 to be charged as provided under section 99F.4 and this section,
10 the commission shall use as the basis for determining the amount
11 of revenue to be raised from the license fees and regulatory
12 fees the amount appropriated to the commission ~~plus the cost of~~
13 ~~salaries for no more than three special agents for each excursion~~
14 ~~gambling boat or gambling structure as assigned pursuant to~~
15 ~~the provisions of section 80.25A, plus any direct and indirect~~
16 ~~support costs for the division of criminal investigation's duties~~
17 ~~pursuant to chapters 99D, 99E, and 99F, and section 80.25A.~~

18 Sec. 11. Section 99F.10, subsection 4, paragraphs b, d, f,
19 and g, Code 2025, are amended by striking the paragraphs.

20 Sec. 12. Section 99F.10, subsection 4, paragraph e, Code
21 2025, is amended to read as follows:

22 e. The aggregate amount of the regulatory fee assessed under
23 paragraph "a" during each fiscal year shall be reduced by an
24 amount equal to the unexpended moneys from the previous fiscal
25 year that were deposited into the gaming regulatory revolving
26 ~~funds fund~~ established in section ~~80.43~~ or 99F.20 during that
27 previous fiscal year.

28 Sec. 13. Section 99F.10, subsection 5, Code 2025, is amended
29 by striking the subsection.

30 Sec. 14. Section 99F.11, subsection 1, Code 2025, is amended
31 to read as follows:

32 1. A tax is imposed on the adjusted gross receipts received
33 each fiscal year from gambling games authorized under this
34 chapter at the ~~rate of five percent on the first one million~~
35 ~~dollars of adjusted gross receipts and at the rate of ten percent~~

1 ~~on the next two million dollars of adjusted gross receipts.~~
2 following rates:

3 a. If the licensee is an excursion gambling boat or gambling
4 structure, twenty-two percent.

5 b. If the licensee is a racetrack enclosure conducting
6 gambling games, twenty-four and one hundred twenty thousandths
7 percent, regardless of whether the licensee has been issued a
8 table games license.

9 Sec. 15. Section 99F.11, subsection 2, Code 2025, is amended
10 by striking the subsection.

11 Sec. 16. Section 99F.11, subsection 3, paragraph a, Code
12 2025, is amended to read as follows:

13 a. Notwithstanding any provision of this section to the
14 contrary, the tax rate imposed on a licensee each fiscal
15 year on any amount of promotional play receipts on gambling
16 games included as adjusted gross receipts shall be determined
17 by multiplying the adjusted percentage by the wagering tax
18 applicable to the licensee pursuant to subsection 2 1.

19 Sec. 17. Section 99F.11, subsection 4, Code 2025, is amended
20 by adding the following new paragraph:

21 NEW PARAGRAPH. 0e. For the fiscal year beginning July 1,
22 2026, and each fiscal year thereafter, the remaining amount of
23 the adjusted gross receipts tax shall be credited to the gaming
24 enforcement revolving fund created in section 80.43 until the
25 amount credited to the fund under this paragraph equals the
26 amount appropriated from the fund by the general assembly for
27 the fiscal year to the department of public safety for direct
28 support costs for agents and officers of the division of criminal
29 investigation's excursion gambling boat, gambling structure, and
30 racetrack enclosure enforcement activities, including salaries,
31 support, maintenance, miscellaneous purposes, and full-time
32 equivalent positions.

33 Sec. 18. Section 99F.11, subsection 5, paragraph a, Code
34 2025, is amended to read as follows:

35 a. A tax is imposed on the sports wagering net receipts

1 received each fiscal year by a licensed operator from sports
2 wagering authorized under this chapter at the rate of ~~six and~~
3 ~~three-quarters~~ nine percent.

4 Sec. 19. EFFECTIVE DATE. This Act takes effect July 1, 2026.

5 EXPLANATION

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

8 Under current law, the tax rate imposed on sports wagering net
9 receipts of a licensed operator is 6.75 percent, which revenues
10 are deposited in the sports wagering receipts fund. This bill
11 increases the rate to 9 percent. For FY 2026-2027 and each
12 fiscal year thereafter, the bill appropriates \$8 million from
13 the sports wagering receipts fund to the public safety equipment
14 fund, which is used by the department of public safety (DPS) for
15 the purchase, maintenance, and replacement of equipment. The
16 bill exempts the appropriated moneys from the sports wagering
17 receipts fund reporting requirements under current law, as
18 current law already requires DPS to report on the use of moneys
19 in the public safety equipment fund.

20 Under current law, to determine the license fees and
21 regulatory fees to be charged in accordance with Code sections
22 99D.14 and 99F.10, the state racing and gaming commission
23 (commission) must use the amount appropriated to the commission
24 plus the gaming enforcement costs of DPS's division of criminal
25 investigation. The portion of the fees associated with
26 such enforcement costs is deposited in the gaming enforcement
27 revolving fund to be annually appropriated by the general
28 assembly to DPS for gaming enforcement. The bill strikes the
29 portion of the fees that is based on DPS enforcement costs,
30 and the associated deposit in the gaming enforcement revolving
31 fund. The bill does not amend the fees associated with DPS costs
32 for fingerprinting, national criminal history check requirements,
33 and background investigations for licenses to conduct internet
34 fantasy sports contests (Code section 99E.4(4)).

35 Current law provides that the tax imposed on pari-mutuel

1 wagers on simulcast horse races is split in specified percentages
2 between the city and county in which the racetrack is located and
3 the commission for deposit as described in Code section 8.57(3)
4 (rebuild Iowa infrastructure fund). The bill instead provides
5 that such revenue from races conducted by a licensee under Code
6 section 99D.9D (simulcasting licensure) is to be deposited in the
7 Iowa horse racing fund, created in the bill, to be used by the
8 commission for distribution to entities subject to federal horse
9 racing regulations. The disposition of revenues from races not
10 conducted by a licensee is not changed under the bill.

11 Under current law, the annual license fee to operate an
12 excursion gambling boat or gambling structure is \$5 per person
13 capacity. The bill increases the rate to \$10 per person
14 capacity.

15 Under current law, a tax is imposed on the adjusted gross
16 receipts received each fiscal year from excursion gambling boats,
17 gambling structures, and racetrack enclosures conducting gambling
18 games. The rate is 5 percent on the first \$1 million and 10
19 percent on the next \$2 million. Over \$3 million, the tax rate is
20 22 percent for an excursion gambling boat or gambling structure,
21 and between 22 and 24 percent for a racetrack enclosure based
22 on the existence of an excursion gambling boat or gambling
23 structure in the same county, whether the racetrack enclosure has
24 been issued a table games license, and whether adjusted gross
25 receipts reached \$100 million. The bill eliminates this tax
26 rate structure and imposes a tax of 22 percent for an excursion
27 gambling boat or gambling structure, and 24.120 percent for a
28 racetrack enclosure, on all adjusted gross receipts each fiscal
29 year.

30 For FY 2026-2027 and each fiscal year thereafter, prior
31 to the remaining amount of the adjusted gross receipts tax
32 being credited to the rebuild Iowa infrastructure fund as
33 provided under current law, an amount is credited to the gaming
34 enforcement revolving fund up to the amount appropriated by the
35 general assembly to DPS for gaming enforcement from that fund for

1 that fiscal year.

2 The bill takes effect July 1, 2026.

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