

Iowa Racing & Gaming Commission



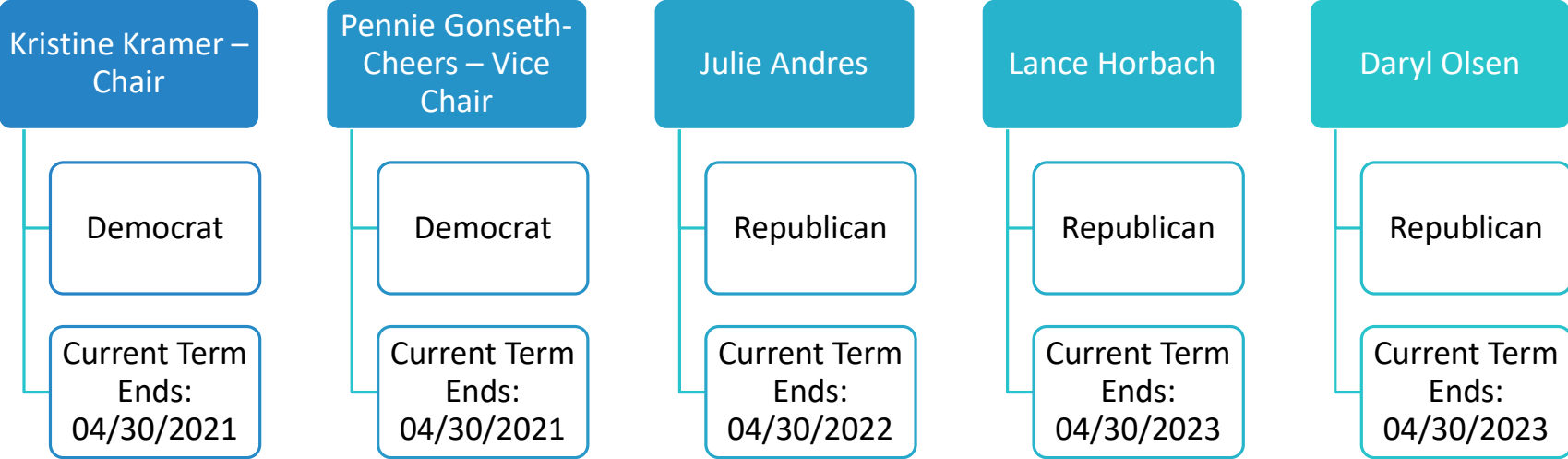
1300 DES MOINES ST., STE. 100
DES MOINES, IA 50309

Introduction

The Iowa Racing & Gaming Commission was Created by the Pari-Mutuel Wagering Act in May of 1983.

Mission Statement: The Iowa Racing and Gaming Commission will administer the laws and rules on pari-mutuel wagering at racetracks; gambling at excursion gambling boats, gambling structures and racetrack enclosures; sports wagering; and fantasy sports contests to ensure the integrity of licensed participants and operations for the state and the wagering public.

Commissioners



State Licensed Racetracks & Casinos

Ameristar - Council Bluffs

Casino Queen - Marquette

Catfish Bend - Burlington

Diamond Jo Dubuque - Dubuque

Diamond Jo Worth - Northwood

Grand Falls - Larchwood

Hard Rock - Sioux City

Harrah's - Council Bluffs

Horseshoe - Council Bluffs

Iowa Greyhound Park - Dubuque

Isle Bettendorf - Bettendorf

Isle Waterloo - Waterloo

Lakeside - Osceola

Prairie Meadows - Altoona

Q Casino - Dubuque

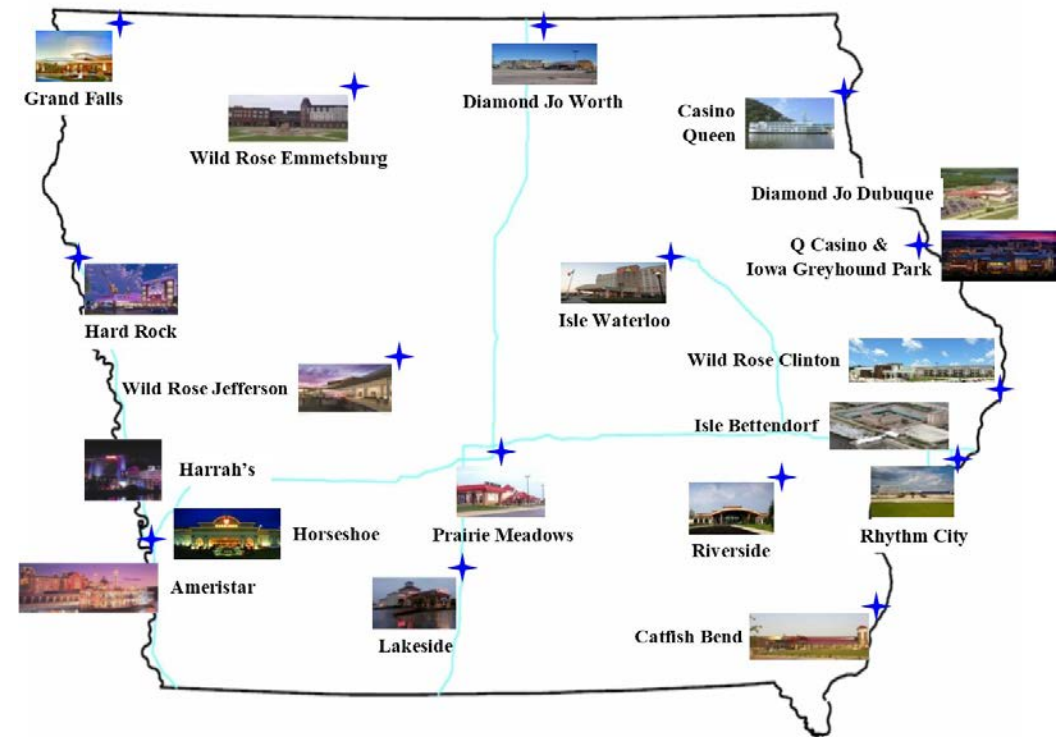
Rhythm City - Davenport

Riverside - Riverside

Wild Rose Emmetsburg -
Emmetsburg

Wild Rose Jefferson - Jefferson

Wild Rose Clinton - Clinton



Online Sports Wagering

FanDuel

- Diamond Jo Dubuque

Betfred

- Grand Falls

BetMGM

- Diamond Jo Worth

BetRivers

- Wild Rose Clinton
- Wild Rose Jefferson

DraftKings

- Wild Rose Clinton
- Wild Rose Emmetsburg
- Wild Rose Jefferson

Elite Hospitality

- Rhythm City
- Riverside

Hard Rock Sportsbook

- Hard Rock

PointsBet

- Catfish Bend

Q Casino

- Q Casino

theScore

- Ameristar

William Hill

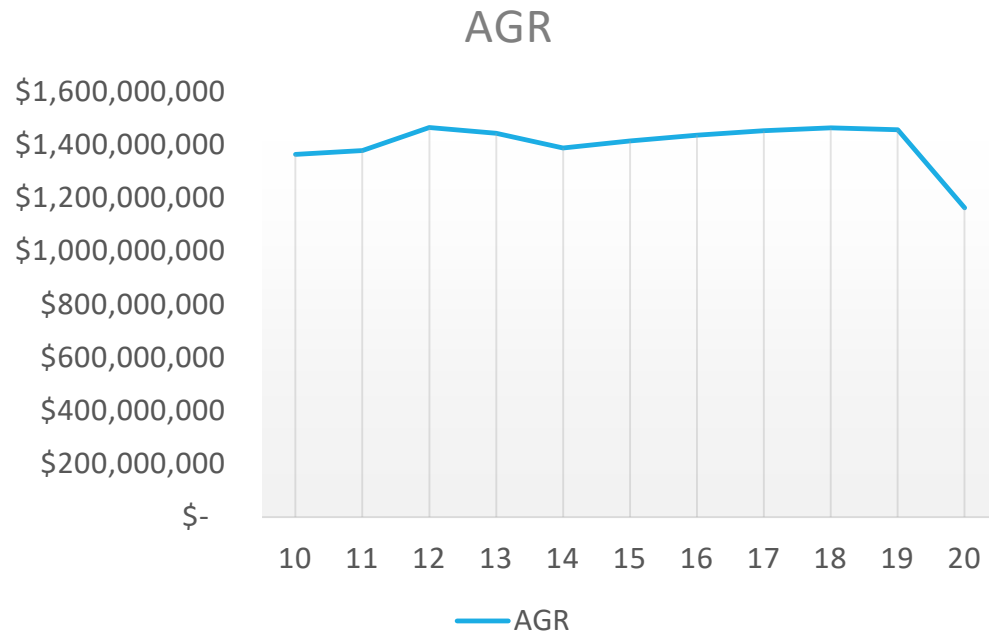
- Harrah's
- Horseshoe
- Isle Bettendorf
- Isle Waterloo
- Lakeside
- Prairie Meadows

Forms of Live Racing in Iowa

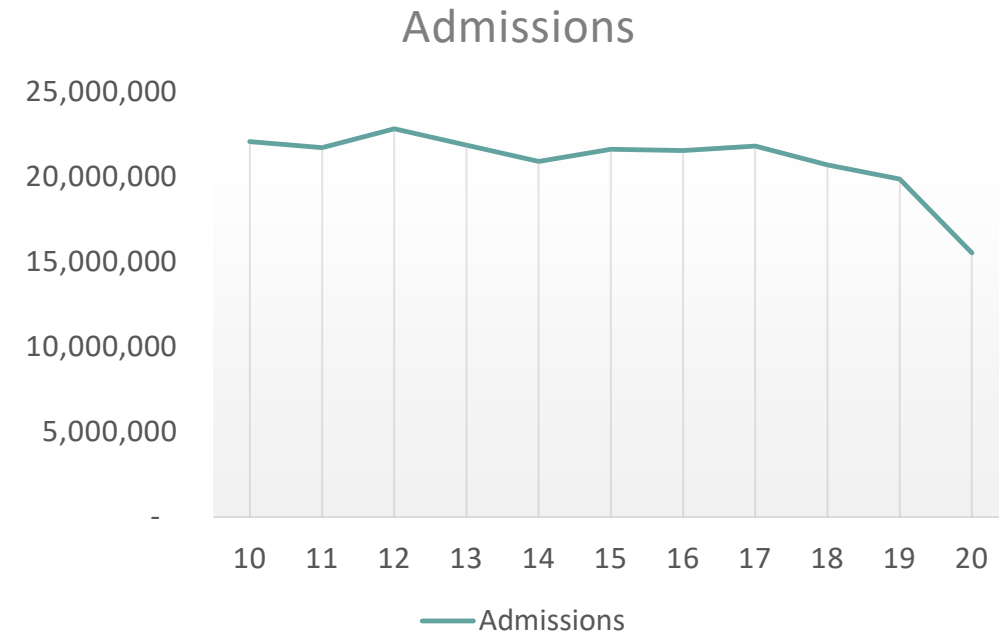
| | |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Thoroughbreds | <ul style="list-style-type: none">• Prairie Meadows• April 30 – September 25 |
| Quarter Horse | <ul style="list-style-type: none">• Prairie Meadows• June 18 – September 25 |
| Greyhound | <ul style="list-style-type: none">• Iowa Greyhound Park• April 24 – October 31 |
| Standardbred (Harness) | <ul style="list-style-type: none">• Various county fairs (mid spring – early fall)• Pari-mutuel wagering no longer offered in Iowa (2011 legislation) |

Ten Year Comparison – Fiscal Year

ADJUSTED GROSS REVENUE (AGR)



ADMISSIONS



Ten Year Comparison – Fiscal Year

GAMING TAX

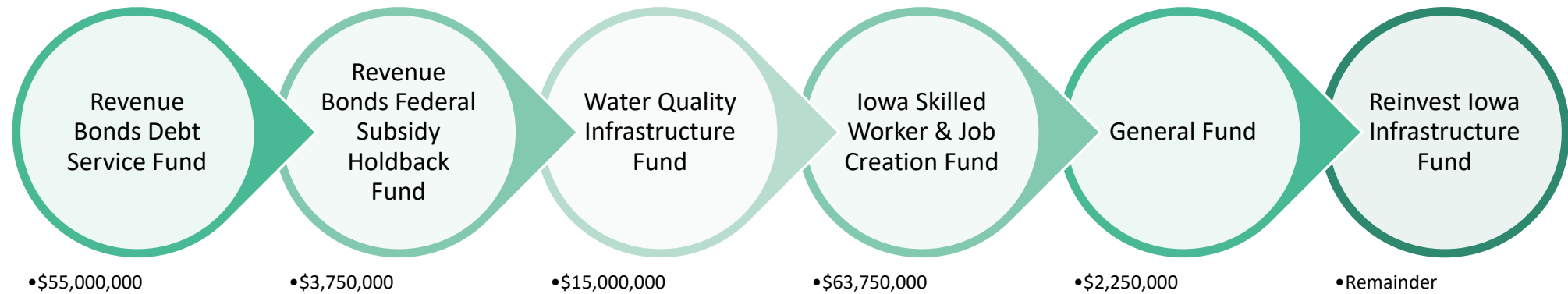


SPORTS WAGERING TAX

To date, sports wagering has completed one, partial fiscal year.

The tax for FY20 was \$1,788,199

Tax Distribution



Promotional Play

Main loyalty offer to players.

Issued weekly or monthly.

Currently included in gross receipts up to a certain amount.

Payouts from promotional play are always deductible.

Difficult to measure precise fiscal impact.

Indirect impacts to revenue are likely.

It is assumed that more promotional play will be issued since it is not being taxed.

Winnings from the promotional play (currently approximately 90% payback) will be a deduction to gaming revenue.

In addition to state revenue, there will be an indirect impact on the Qualified Sponsoring Organizations (QSOs) and nonprofit corporations that receive a portion of their respective operators' gaming revenue.

Promotional Play

All promotional play for gambling games are taxed at 22% or 24% up to \$25.825M.

| FY | Taxed | Untaxed | Total |
|--------------|----------------------|---------------------|----------------------|
| 2020 | \$94,502,915 | \$0.00 | \$94,502,915 |
| 2019 | \$120,681,065 | \$0.00 | \$120,681,065 |
| 2018 | \$119,166,141 | \$4,049,552 | \$123,215,692 |
| 2017 | \$118,819,611 | \$6,607,325 | \$125,426,936 |
| Total | \$453,169,731 | \$10,656,877 | \$463,826,608 |

All promotional play for Sports Wagering is taxed at 6.75 %

| FY | Total Promo |
|--------------|---------------------|
| 2021 | \$2,375,153 |
| 2020 | \$7,991,475 |
| Total | \$10,366,627 |

Nebraska – Overview

Ballot initiative authorized gambling “games of chance” at Nebraska’s six licensed horse racing tracks.

NBC Nebraska 2 reports Nebraska racetracks will have...

Some form of gaming during the latter half of 2021 with full casino operations up and running during 2022.

VOTING ON “RACINOS”

Initiatives 429, 430 and 431 would allow licensed horse race tracks to open casinos. These tracks are currently licensed.



MATT HANEY/THE WORLD-HERALD

Projected Impact on Iowa

Warhorse Casino

- Created by Ho-Chunk Inc.
- Approximately 1,500 gaming positions planned for Omaha location.
 - KETV Omaha 7
- Plans to spend \$300M to add casinos in Omaha, Lincoln, and South Sioux City.
 - Associated Press

Iowa Gaming Market Study

- February, 2014
- 23% of carded play in Iowa casinos originated from Nebraska zip codes in 2013
 - Union Gaming

Iowa Gaming Market Analysis

- October, 2017
- Marquette Advisors

The three Council Bluffs casinos attract strong local patronage from throughout the Omaha-Council Bluffs metro area (pop. 885,000+). Lincoln, NE is also a key feeder market to the west. As well, with extensive resort facilities the Council Bluffs casinos attract regular patronage from gamers residing throughout much of Iowa, Nebraska and northern Missouri.

Iowa Operator Projections

Operators in Council Bluffs report a significant amount of business from the Omaha and Lincoln market, which will now be able to have their own casinos. They are projecting their business could decrease anywhere from 25% - 40%, but expect a decrease closer to 30% - 35%.

The operator in Sioux City is projecting their business will decrease at least 20%.



Projected Impact On Iowa

| | Gaming Positions | FY20 AGR | FY20 Tax | -10% | -20% | -30% | -40% | -50% |
|-------------|------------------|------------------|----------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| Ameristar | 1,684 | \$ 125,069,899 | \$ 24,603,955 | \$ 2,460,396 | \$ 4,920,791 | \$ 7,381,187 | \$ 9,841,582 | \$ 12,301,978 |
| Harrah's | 660 | \$ 52,346,691 | \$ 10,059,319 | \$ 1,005,932 | \$ 2,011,864 | \$ 3,017,796 | \$ 4,023,728 | \$ 5,029,660 |
| Horseshoe | 1,778 | \$ 141,079,667 | \$ 30,626,144 | \$ 3,062,614 | \$ 6,125,229 | \$ 9,187,843 | \$ 12,250,458 | \$ 15,313,072 |
| | | | | \$ 6,528,942 | \$ 13,057,884 | \$ 19,586,825 | \$ 26,115,767 | \$ 32,644,709 |
| Hard Rock | 995 | \$ 61,131,382 | \$ 11,816,254 | \$ 1,181,625 | \$ 2,363,251 | \$ 3,544,876 | \$ 4,726,502 | \$ 5,908,127 |
| State Total | 19,167 | \$ 1,163,416,237 | \$ 230,798,422 | | | | | |
| | | FY19 AGR | FY19 Tax | -10% | -20% | -30% | -40% | -50% |
| Ameristar | | \$ 163,902,526 | \$ 32,370,478 | \$ 3,237,048 | \$ 6,474,096 | \$ 9,711,143 | \$ 12,948,191 | \$ 16,185,239 |
| Harrah's | | \$ 71,254,377 | \$ 13,840,845 | \$ 1,384,085 | \$ 2,768,169 | \$ 4,152,254 | \$ 5,536,338 | \$ 6,920,423 |
| Horseshoe | | \$ 168,532,081 | \$ 36,607,030 | \$ 3,660,703 | \$ 7,321,406 | \$ 10,982,109 | \$ 14,642,812 | \$ 18,303,515 |
| | | | | \$ 8,281,835 | \$ 16,563,671 | \$ 24,845,506 | \$ 33,127,341 | \$ 41,409,177 |
| Hard Rock | | \$ 75,981,993 | \$ 14,797,983 | \$ 1,479,798 | \$ 2,959,597 | \$ 4,439,395 | \$ 5,919,193 | \$ 7,398,992 |
| State Total | | \$ 1,457,011,629 | \$ 291,099,921 | | | | | |

Questions?