

Senate File 24 - Introduced

SENATE FILE 24

BY HORN and ZUMBACH

A BILL FOR

1 An Act relating to gambling games licensure and the wagering
2 tax on gambling games.

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

1 Section 1. Section 99F.1, Code 2015, is amended by adding
2 the following new subsections:

3 NEW SUBSECTION. 19A. "*Promotional play*" means wagers
4 conducted with tokens, chips, electronic credits, or other
5 forms of cashless wagering provided by the licensee without an
6 exchange of money as described in section 99F.9, subsection 3.

7 NEW SUBSECTION. 22. "*Taxable gross receipts*" means the
8 adjusted gross receipts less the total sums wagered through
9 promotional play.

10 Sec. 2. Section 99F.4A, subsection 6, Code 2015, is amended
11 to read as follows:

12 6. The ~~adjusted~~ taxable gross receipts received from
13 gambling games shall be taxed at the same rates and the
14 proceeds distributed in the same manner as provided in section
15 99F.11.

16 Sec. 3. NEW SECTION. **99F.4E Moratorium for issuance of**
17 **licenses for gambling games.**

18 1. For the period beginning January 1, 2016, and ending
19 December 31, 2025, the commission shall not issue a license to
20 conduct gambling games on an excursion gambling boat or at a
21 gambling structure or a pari-mutuel racetrack pursuant to this
22 chapter.

23 2. This section does not affect the validity of a license
24 issued by the commission pursuant to this chapter or this Act
25 before January 1, 2016, or the authority of the commission to
26 suspend, revoke, transfer, or renew a license issued before
27 January 1, 2016, pursuant to chapter 99D or this chapter.

28 Sec. 4. NEW SECTION. **99F.5A Supplemental distribution to**
29 **qualified sponsoring organizations.**

30 For each license year, a qualified sponsoring organization
31 licensed to operate gambling games under this chapter shall
32 retain, as a supplemental distribution from the adjusted gross
33 receipts of the licensee, an amount representing fifty percent
34 of the difference between the wagering tax calculated for the
35 licensee under section 99F.11 using the definition of adjusted

1 gross receipts as provided in section 99F.1 and the wagering
2 tax for the licensee calculated on taxable gross receipts as
3 provided in section 99F.11 for each license year.

4 Sec. 5. Section 99F.11, subsection 1, Code 2015, is amended
5 to read as follows:

6 1. A tax is imposed on the ~~adjusted~~ taxable gross receipts
7 received each fiscal year from gambling games authorized under
8 this chapter at the rate of five percent on the first one
9 million dollars of ~~adjusted~~ taxable gross receipts and at the
10 rate of ten percent on the next two million dollars of ~~adjusted~~
11 taxable gross receipts.

12 Sec. 6. Section 99F.11, subsection 2, unnumbered paragraph
13 1, Code 2015, is amended to read as follows:

14 The tax rate imposed each fiscal year on any amount of
15 ~~adjusted~~ taxable gross receipts over three million dollars
16 shall be as follows:

17 Sec. 7. Section 99F.11, subsection 2, paragraph b,
18 subparagraph (2), Code 2015, is amended to read as follows:

19 (2) If the licensee of the racetrack enclosure has been
20 issued a table games license during the fiscal year or prior
21 fiscal year and the adjusted gross receipts from gambling games
22 of the licensee in the prior fiscal year were one hundred
23 million dollars or more, twenty-two percent on ~~adjusted~~ taxable
24 gross receipts received prior to the operational date and
25 twenty-four percent on ~~adjusted~~ taxable gross receipts received
26 on or after the operational date. For purposes of this
27 subparagraph, the operational date is the date the commission
28 determines table games became operational at the racetrack
29 enclosure.

30 Sec. 8. Section 99F.11, subsection 3, paragraphs a, b, and
31 c, Code 2015, are amended to read as follows:

32 a. If the gambling excursion originated at a dock located
33 in a city, one-half of one percent of the ~~adjusted~~ taxable
34 gross receipts shall be remitted to the treasurer of the city
35 in which the dock is located and shall be deposited in the

1 general fund of the city. Another one-half of one percent of
2 the ~~adjusted~~ taxable gross receipts shall be remitted to the
3 treasurer of the county in which the dock is located and shall
4 be deposited in the general fund of the county.

5 *b.* If the gambling excursion originated at a dock located
6 in a part of the county outside a city, one-half of one percent
7 of the ~~adjusted~~ taxable gross receipts shall be remitted to
8 the treasurer of the county in which the dock is located and
9 shall be deposited in the general fund of the county. Another
10 one-half of one percent of the ~~adjusted~~ taxable gross receipts
11 shall be remitted to the treasurer of the Iowa city nearest to
12 where the dock is located and shall be deposited in the general
13 fund of the city.

14 *c.* ~~Eight-tenths of one~~ One and six-tenths percent of the
15 ~~adjusted~~ taxable gross receipts tax shall be deposited in the
16 county endowment fund created in section 15E.311.

17 Sec. 9. Section 99F.11, subsection 3, paragraph d,
18 unnumbered paragraph 1, Code 2015, is amended to read as
19 follows:

20 Two-tenths of one percent of the ~~adjusted~~ taxable gross
21 receipts tax shall be allocated each fiscal year as follows:

22 Sec. 10. Section 99F.11, subsection 3, paragraph e, Code
23 2015, is amended to read as follows:

24 *e.* The remaining amount of the ~~adjusted~~ taxable gross
25 receipts tax shall be credited as provided in section 8.57,
26 subsection 5.

27 Sec. 11. GAMBLING GAMES LICENSE ISSUANCE — TERMS AND
28 CONDITIONS.

29 1. The racing and gaming commission shall grant a license
30 to conduct gambling games on a gambling structure pursuant to
31 the requirements of this section and chapter 99F by December
32 1, 2015. An application for a license to be granted under
33 this section shall be submitted by August 1, 2015, and shall
34 be limited to an application from a proposed licensee for
35 which the gambling structure at which gambling games are to

1 be conducted is to be located in a city with a population of
2 more than one hundred thousand and less than one hundred fifty
3 thousand in the latest preceding certified federal decennial
4 census and for which the governing body of the city has adopted
5 a resolution approving the submission of the application.
6 Notwithstanding any provision of chapter 99F to the contrary,
7 the initial license fee shall be waived for an applicant
8 submitting an application pursuant to the requirements of this
9 section.

10 2. A license to conduct gambling games issued pursuant to
11 this section shall provide that the premises of the licensee,
12 including the gaming floor, shall, notwithstanding any
13 provision of law to the contrary, be subject to the smoking
14 prohibition requirements of section 142D.3.

15 Sec. 12. COUNTY ENDOWMENT FUND ALLOCATION — LEGISLATIVE
16 STUDY. It is the intent of the general assembly that the
17 legislative council establish an interim study committee during
18 the 2020 legislative interim to review and make recommendations
19 concerning the appropriate percentage of the wagering tax to be
20 distributed for deposit in the county endowment fund created
21 in section 15E.311.

22 EXPLANATION

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

25 This bill concerns gambling games licensure under Code
26 chapter 99F and the wagering tax applied to gambling game
27 licensees under that Code chapter.

28 Code section 99F.1 is amended by adding two new definitions.
29 "Promotional play" is defined as wagers conducted with
30 tokens, chips, electronic credits, or other forms of cashless
31 wagering provided by the licensee without an exchange of money.
32 "Taxable gross receipts" is defined as adjusted gross receipts
33 less the total sums wagered through promotional play.

34 New Code section 99F.4E establishes a moratorium preventing
35 the racing and gaming commission from issuing a new license to

1 conduct gambling games on an excursion gambling boat, gambling
2 structure, or at a pari-mutuel racetrack for the period
3 beginning January 1, 2016, and ending December 31, 2025.

4 New Code section 99F.5A provides for a supplemental
5 distribution to a qualified sponsoring organization licensed
6 to operate gambling games equal to an amount representing 50
7 percent of the difference in the wagering tax paid by the
8 licensee based on calculating the tax on the taxable gross
9 receipts of the gambling game licensee instead of the adjusted
10 gross receipts as provided in the bill.

11 Code section 99F.11, providing for the wagering tax, is
12 amended to provide that the wagering tax is calculated on the
13 taxable gross receipts of a gambling game licensee instead of
14 the adjusted gross receipts.

15 Code section 99F.11 is further amended to increase, from
16 eight-tenths of a percent to one and six-tenths percent, the
17 amount of the adjusted gross receipts tax to be deposited in
18 the county endowment fund created in Code section 15E.311. The
19 bill further directs the legislative council to establish a
20 legislative study committee during the 2020 legislative interim
21 to examine the percentage of the adjusted gross receipts tax to
22 be deposited in the county endowment fund.

23 The bill requires the racing and gaming commission to grant
24 a license to conduct gambling games at a gambling structure
25 that is subject to the smoking prohibition requirements of
26 Code section 142D.3, by December 1, 2015. An application for
27 a license subject to the requirements of the bill shall be
28 submitted by August 1, 2015, and shall be limited to a proposed
29 licensee that will locate the gambling structure in a city
30 with a population of more than 100,000 and less than 150,000
31 and for which the governing body of the city has adopted a
32 resolution approving the submission of the application. The
33 bill also provides that the initial license fee shall be waived
34 for an applicant submitting an application for a gambling games
35 license pursuant to the requirements of the bill.