

CHAPTER 1266
STATE RACING COMMISSION
S.F. 2328

AN ACT to amend the Iowa pari-mutuel wagering act and providing that part-time and seasonal employees of the racing commission are not under the merit employment system.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 19A.3, Code Supplement 1983, is amended by adding the following new subsection:

NEW SUBSECTION. 23. Part-time and seasonal employees of the state racing commission.

Sec. 2. Section 12.10, Code Supplement 1983, is amended to read as follows:

12.10 DEPOSITS BY STATE OFFICERS. All Except as otherwise provided, all elective and appointive state officers, boards, commissions, and departments, except the state fair board, the state board of regents, Iowa state commerce commission, and the commissioner of the department of human services, shall, within ten days succeeding the collection thereof, deposit, with the treasurer of state, or to the credit of the treasurer of state in any depository designated by the treasurer of state, ninety percent of all fees, commissions, and moneys collected or received; the. The balance actually collected in cash, remaining in the hands of any officer, board, or department shall not exceed the sum of five thousand dollars and money collected shall not be held more than thirty days. This section does not apply to the state fair board, the state board of regents, the Iowa state commerce commission, the commissioner of the department of human services, the Iowa housing finance authority or to the funds received by the state racing commission under section 99D.7 and 99D.14.

Sec. 3. Section 99D.2, subsection 6, Code Supplement 1983, is amended to read as follows:

6. "Race", "racing", "race meeting", "track", and "racetrack" refer to dog racing and horse racing, including, but not limited to, quarterhorse, thoroughbred, and harness racing, as approved by the commission.

Sec. 4. Section 99D.5, subsection 5, Code Supplement 1983, is amended to read as follows:

5. A member, employee, or appointee of the commission, or a family member related within the second degree of affinity or consanguinity to a member, employee, or appointee of the commission or a holder of an official's license shall not knowingly:

a. Enter directly or indirectly into any business dealing, venture, or contract with an owner or lessee of a racetrack, a licensee, or a holder of an occupational license.

b. Be employed in any capacity by a racetrack, licensee, or a holder of an occupational license.

a. Have a pecuniary, equitable, or other interest in or engage in a business or employment which would be a conflict of interest or interfere or conflict with the proper discharge of the duties of the commission including any of the following:

(1) A business which does business with a licensee.

(2) A business issued a concession operator's license.

e b. Participate directly or indirectly as an owner, owner-trainer, trainer of a horse or dog, or jockey of a horse in a race meeting conducted in this state.

d c. Place a wager on an entry in a race.

Violations A violation of this subsection shall be is a serious misdemeanor. In addition, the individual may be subject to disciplinary actions pursuant to the commission rules.

Sec. 5. Section 99D.5, Code Supplement 1983, is amended by adding the following new subsection:

NEW SUBSECTION. 6. A member, employee, or appointee of the commission, spouse of a member, employee, or appointee of the commission, or a family member related within the second degree of affinity or consanguinity to a member, employee, or appointee of the commission shall not do either of the following:

a. Hold an occupational license except an official's license.

b. Enter directly or indirectly into any business dealing, venture, or contract with an owner or lessee of a racetrack.

A member who knowingly approves of a violation of this subsection is guilty of a serious misdemeanor.

Sec. 6. Section 99D.7, subsections 2 and 6, Code Supplement 1983, is amended to read as follows:

2. To identify occupations within the racing industry which require licensing and adopt standards for licensing the occupations including establishing fees for the occupational licenses. The fees shall be paid to the commission and used as required in section 99D.17 and section 99D.18.

6. To establish and provide for the disposition of fees for the testing of animals sufficient to cover the costs of the tests and to purchase the necessary equipment for the testing.

Sec. 7. Section 99D.8A, subsection 5, 1984 Iowa Acts, House File 2439, section 4, if House File 2439 becomes law, is amended to read as follows:

5. The applicant shall consent to authorized commission employees and agents of the division of criminal investigation to enter upon the premises within the race track enclosure, under control of the licensee, without a warrant, to inspect or investigate for criminal violations or violations of the rules adopted by the commission. The consent to search extends to the applicant's person, personal property and effects, and any premises which the applicant occupies or controls, or has the right to occupy or control. The licensee or a holder of an occupational license shall consent to agents of the division of criminal investigation of the department of public safety or commission employees designated by the secretary of the commission to the search without a warrant of the licensee or holder's person, personal property and effects, and premises which are located within the racetrack enclosure or adjacent facilities under control of the licensee to inspect or investigate for criminal violations of this chapter or violations of rules adopted by the commission.

Sec. 8. Section 99D.9, subsection 1, Code Supplement 1983, is amended to read as follows:

1. If the commission is satisfied that its rules and sections 99D.8 through 99D.25 applicable to licensees have been or will be complied with, it may issue a license for a period of not more than ~~one year~~ three years. The commission may decide which types of racing it will permit. The commission may permit dog racing, horse racing of various types or both dog and horse racing. The commission shall decide the number, location, and type of all racetracks licensed under this chapter. The license shall set forth the name of the licensee, the type of license granted, the place where the race meeting is to be held, and the time and number of days during which racing may be conducted by the licensee. The commission shall not approve

a license application if any part of the racetrack is to be constructed on prime farmland outside the city limits of an incorporated city. As used in this subsection, "prime farmland" means as defined by the United States department of agriculture in 7 C.F.R. sec. 657.5(a). A license is not transferable or assignable. The commission may revoke any license issued for good cause upon reasonable notice and hearing. The commission shall conduct a neighborhood impact study to determine the impact of granting a license on the quality of life in neighborhoods adjacent to the proposed racetrack facility. The applicant for the license shall reimburse the commission for the costs incurred in making the study. A copy of the study shall be retained on file with the commission and shall be a public record. The study shall be completed before the commission may issue a license for the proposed facility.

Sec. 9. Section 99D.9, subsection 2, paragraphs a and b, Code Supplement 1983, are amended to read as follows:

a. The nonprofit corporation or association shall not, by a lease, contract, understanding, or arrangement of any kind, grant, assign, or turn over to a person the operation ~~or management~~ of a race meeting licensed under this section or of the pari-mutuel system of wagering described in section 99D.11. This section does not prohibit a management contract approved by the commission.

b. The nonprofit corporation shall not in any manner permit a person other than the licensee to have a share, percentage, or proportion of the money received for admissions to the race or race meeting ~~or from the operation of the pari-mutuel system.~~

Sec. 10. Section 99D.9, subsection 6, Code Supplement 1983, is amended to read as follows:

6. A licensee may not loan ~~or give~~ to any person money or any other thing of value for the purpose of permitting that person to wager on any race.

Sec. 11. Section 99D.11, subsection 3, Code Supplement 1983, is amended to read as follows:

3. The licensee may receive wagers of money only from a person present ~~at in~~ a licensed ~~race racing enclosure~~ on a horse or dog in the race selected by the person making the wager to finish first in the race. The person wagering shall acquire an interest in the total money wagered on all horses or dogs in the race as first winners in proportion to the amount of money wagered by the person.

Sec. 12. Section 99D.11, subsection 5, Code Supplement 1983, is amended to read as follows:

5. As each race is run the licensee shall deduct sixteen percent from the total sum wagered on all horses or dogs as first winners. The balance, after deducting breakage, shall be paid to the holders of certificates on the winning horse or dog in the proportion that the amount wagered by each certificate holder bears to the total amount wagered on all horses or dogs in the race as first winners. The licensee shall likewise receive wagers on horses or dogs selected to run second, third, or both, or in combinations the commission may authorize. The method, procedure, and the authority and right of the licensee, as well as the deduction allowed to the licensee, shall be as specified with respect to wagers upon horses or dogs selected to run first. However, the commission may authorize the licensee to deduct a higher percent of the total sum wagered not to exceed twenty percent on multiple or exotic wagering involving more than one horse or dog.

Sec. 13. Section 99D.11, subsection 6, Code Supplement 1983, is amended by striking the subsection and renumbering the subsequent subsections.

Sec. 14. Section 99D.12, Code Supplement 1983, is amended to read as follows:

99D.12 BREAKAGE. A licensee shall deduct the breakage from the pari-mutuel pool which shall be distributed in the following manner to the breeders of Iowa-foaled horses and Iowa-whelped dogs in the manner described in section 99D.22. The remainder of the breakage shall be distributed as follows:

1. In horse races the breakage shall be retained by the licensee to supplement purses for the race restricted to races won by Iowa-foaled horses as provided in section 99D.22.

2. In dog races the breakage shall be distributed as follows:

a. Seventy-five percent shall be retained by the licensee to supplement purses for the race restricted to races won by Iowa-whelped dogs as provided in section 99D.22.

b. Twenty-five percent shall be retained by the licensee and shall be put into a stake race for Iowa-whelped dogs. All dogs racing in the stake race must have run in at least twelve races during the current racing season at the track sponsoring the stake race to qualify to participate.

Sec. 15. Section 99D.14, subsection 4, Code Supplement 1983, is amended to read as follows:

4. No other license tax, permit tax, occupation tax, ~~excise tax~~, or racing fee, shall be levied, assessed, or collected from a licensee by the state or by a political subdivision, except as provided in this chapter.

Sec. 16. Section 99D.14, Code Supplement 1983, is amended by adding the following new subsection:

NEW SUBSECTION. 5. No other excise tax shall be levied, assessed, or collected from the licensee on horse racing, dog racing, pari-mutuel wagering or admission charges by the state or by a political subdivision, except as provided in this chapter.

Sec. 17. Section 99D.15, Code Supplement 1983, is amended to read as follows:

99D.15 PARI-MUTUEL WAGERING TAX - RATE.

1. A tax of six percent is imposed on the gross sum wagered by the pari-mutuel method at each race meeting. The tax imposed by this section shall be paid by the licensee to the treasurer of state within ten days after the close of each race meeting and shall be distributed as follows:

1 a. If the racetrack is located in a city, five percent of the six percent gross sum wagered shall be deposited in the general fund of the state. One-half of one percent of the six percent gross sum wagered shall be remitted to the treasurer of the city in which the racetrack is located and shall be deposited in the general fund of the city. The remaining one-half of one percent of the gross sum wagered shall be remitted to the treasurer of the county in which the racetrack is located and shall be deposited in the general fund of the county.

2 b. If the racetrack is located in an unincorporated part of a county, five and one-half percent of the six percent gross sum wagered shall be deposited in the general fund of the state. The remaining one-half of one percent of the gross sum wagered shall be remitted to the treasurer of the county in which the racetrack is located and shall be deposited in the general fund of the county.

2. A tax credit of up to five percent of the gross sum wagered per year shall be granted to licensees licensed for horse races and paid into a special fund for the purpose of retiring the annual debt on the cost of construction of the licensed facility. Any portion of the credit not used in a particular year shall be retained by the treasurer of state. A tax credit shall first be

assessed against any share going to a city, then to the share going to a county, and then to the share going to the state.

Sec. 18. Section 99D.18, Code Supplement 1983, is amended to read as follows:

99D.18 SURPLUS FUNDS – HOW USED. From the balance of the funds coming into the hands of the commission pursuant to section 99D.14, fifty thousand dollars shall be used by the Iowa state university college of veterinary medicine to develop further research on the treatment of equine injuries and diseases. The remaining funds shall be divided into retained by the commission and may be distributed to a research program or project which the commission determines to be worthy and would benefit the racing industry in the state.

Sec. 19. Section 99D.21, Code Supplement 1983, is amended to read as follows:

99D.21 ANNUAL REPORT OF COMMISSION. The commission shall make an annual report to the governor, for the period ending ~~June 30~~ December 31 of each year. Included in the report shall be an account of the commission's actions, its financial position and results of operation under this chapter, the practical results attained under this chapter, and any recommendations for legislation which the commission deems advisable.

Sec. 20. Section 99D.22, Code Supplement 1983, is amended to read as follows:

99D.22 NATIVE HORSES OR DOGS.

1. A licensee shall hold at least one race on each racing day limited to ~~horses foaled or dogs whelped in Iowa~~ Iowa-foaled horses or Iowa-whelped dogs as defined by the department of agriculture using standards consistent with this section. However, if sufficient competition cannot be had among that class of horses or dogs on any day, another race for the day may be substituted. ~~Three~~ A sum equal to twelve percent of the purse won by a horse or dog in the race limited to an Iowa-foaled horse or Iowa-whelped dog shall be used to promote the horse and dog breeding industries. ~~The three~~ twelve percent shall be withheld by the licensee from the purse breakage and shall be paid at the end of the race meeting to the state department of agriculture which in turn shall deposit it in a special fund to be known as the Iowa horse and dog breeders fund and pay it by December 31 of each calendar year to the breeder of the winning Iowa-foaled horse or Iowa-whelped dog. For the purposes of this section, the breeder of a thoroughbred horse shall be considered to be the owner of the brood mare at the time the foal is dropped.

Sec. 21. Section 99D.22, Code Supplement 1983, is amended by adding the following new subsections:

NEW SUBSECTION. 2. For the purposes of this chapter, the following shall be considered in determining if a horse is an Iowa-foaled thoroughbred horse:

a. All thoroughbred horses foaled in Iowa prior to January 1, 1985, which are registered by the jockey club as Iowa foaled shall be considered to be Iowa foaled.

b. After January 1, 1985, eligibility for brood mare residence shall be achieved by meeting at least one of the following rules:

(1) Thirty days residency until the foal is inspected, if in foal to a registered Iowa stallion.

(2) Thirty days residency until the foal is inspected for brood mares which are bred back to registered Iowa stallions.

(3) Continuous residency from December 31 until the foal is inspected if the mare was bred by other than an Iowa registered stallion and which is not bred back to an Iowa registered stallion.

c. To be eligible for registration as an Iowa thoroughbred stallion, the following requirements shall be met:

(1) A full-year stallion residency, January 1 through December 31 for the year of registration. However, horses going to stud for their first season shall be eligible upon registration with residency to continue through December 31.

(2) At least fifty-one percent of an Iowa registered stallion shall be owned by bona fide Iowa residents.

d. State residency shall not be required for owners of brood mares.

NEW SUBSECTION. 3. To facilitate the implementation of this section, the department of agriculture shall do all of the following:

a. Adopt standards to qualify thoroughbred stallions for Iowa breeding. A stallion shall stand for service in the state at the time of the foal's conception and shall not stand for service at any place outside the state during the calendar year in which the foal is conceived.

b. Provide for the registration of Iowa-foaled horses and that a horse shall not compete in a race limited to Iowa-foaled horses unless the horse is registered with the department of agriculture. The department may prescribe such forms as necessary to determine the eligibility of a horse.

c. The secretary of agriculture shall appoint investigators to determine the eligibility for registration of Iowa-foaled horses.

d. Adopt a schedule of fees to be charged to breeders of thoroughbreds to administer this subsection.

NEW SUBSECTION. 4. To qualify for the Iowa horse and dog breeders fund, a dog shall have been whelped in Iowa and raised for the first six months of its life in Iowa. In addition, the owner of the dog shall have been a resident of the state for at least two years prior to the whelping.

Sec. 22. Section 419.1, subsection 2, paragraph a, Code Supplement 1983, is amended to read as follows:

a. Land, buildings or improvements, whether or not in existence at the time of issuance of the bonds issued under this chapter, which are suitable for the use of a voluntary nonprofit hospital, clinic or health care facility as defined in section 135C.1, subsection 4, or of one or more physicians for an office building to be used exclusively by professional health care providers, including appropriate ancillary facilities, or of a private college or university, or a state institution governed under chapter 262 whether for the establishment or maintenance of the college or university, or of an industry or industries for the manufacturing, processing or assembling of agricultural or manufactured products, even though the processed products may require further treatment before delivery to the ultimate consumer, or of a commercial enterprise engaged in storing, warehousing or distributing products of agriculture, mining or industry including but not limited to barge facilities and riverfront improvements useful and convenient for the handling and storage of goods and products, or of a facility for the generation of electrical energy through the use of a renewable energy source including but not limited to hydroelectric and wind generation facilities, or of a facility engaged in research and development activities, or of a national, regional or divisional headquarters facility of a company that does multistate business, or of a museum, library, or tourist information center, or of a telephone company, or of a beginning businessperson for any purpose, or of a commercial amusement or theme park, or of a housing unit or complex for the elderly or handicapped, or of a fair or exposition held in the state, other than the Iowa state fair, which is a member of the association of Iowa fairs, or of a sports facility, or

Sec. 23. Sections 99D.16, 99D.27, 99D.28, and 556.9A are repealed.*

Approved May 11, 1984

*Code Supplement 1983 probably intended