

## CHAPTER 1021

### GAMBLING

*H.F. 2179*

**AN ACT** relating to gambling and the regulation of gambling at pari-mutuel racetracks and on excursion gambling boats, providing for a county referendum, imposing a tax, allocating gaming revenues, providing an effective date, providing for other properly related matters, and subjecting violators to existing penalties.

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

Section 1. Section 99B.6, subsection 1, paragraph k, Code 1993, is amended to read as follows:

k. ~~No~~ A person under the age of ~~eighteen~~ twenty-one years ~~may~~ shall not participate in the gambling except pursuant to sections 99B.3, 99B.4, 99B.5, and 99B.7. Any licensee knowingly allowing a person under the age of ~~eighteen~~ twenty-one to participate in the gambling prohibited by this paragraph or any person knowingly participating in such gambling with a person under the age of ~~eighteen~~ twenty-one, ~~shall be~~ is guilty of a simple misdemeanor.

Sec. 2. Section 99D.9, subsection 1, Code 1993, 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 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 the licenses for racetracks in Dubuque county and Black Hawk county if the proposed racing schedules of the two tracks conflict. 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. 3. Section 99D.11, subsection 6, paragraph b, Code 1993, is amended to read as follows:

b. The commission may authorize the licensee to simultaneously telecast within the racetrack enclosure, for the purpose of pari-mutuel wagering, a horse or dog race licensed by the racing authority of another state. It is the responsibility of each licensee to obtain the consent of appropriate racing officials in other states as required by the federal Interstate Horseracing Act of 1978, 15 U.S.C. § 3001-3007, to televise races for the purpose of conducting pari-mutuel wagering. A licensee may also obtain the permission of a person licensed by the commission to conduct horse or dog races in this state to televise races conducted by that person for the purpose of conducting pari-mutuel racing. However, arrangements made by a licensee to televise any race for the purpose of conducting pari-mutuel wagering are subject to the approval of the commission, and the commission shall select the races to be televised. The races selected by the commission shall be the same for all licensees approved by the commission to televise races for the purpose of conducting pari-mutuel wagering. The commission shall not authorize the simultaneous telecast or televising of and a licensee shall not simultaneously telecast or televise any horse or dog race for the purpose of conducting pari-mutuel wagering unless the simultaneous telecast or televising is done at the racetrack of a licensee that schedules

no less than ~~ninety~~ sixty performances of nine live races each day of the season. For purposes of the taxes imposed under this chapter, races televised by a licensee for purposes of pari-mutuel wagering shall be treated as if the races were held at the racetrack of the licensee.

Sec. 4. Section 99D.11, subsection 7, Code 1993, is amended to read as follows:

7. A person under the age of ~~eighteen~~ twenty-one years shall not make a pari-mutuel wager.

Sec. 5. Section 99D.24, subsection 2, Code 1993, is amended to read as follows:

2. A person knowingly permitting a person under the age of ~~eighteen~~ twenty-one years to make a pari-mutuel wager is guilty of a simple misdemeanor.

Sec. 6. Section 99E.18, subsection 2, Code 1993, is amended to read as follows:

2. A ticket or share shall not be sold to a person who has not reached the age of ~~eighteen~~ twenty-one. This does not prohibit the lawful purchase of a ticket or share for the purpose of making a gift to a person who has not reached the age of ~~eighteen~~ twenty-one. A licensee or a licensee's employee who knowingly sells or offers to sell a lottery ticket or share to a person who has not reached the age of ~~eighteen~~ twenty-one is guilty of a simple misdemeanor. In addition the license of a licensee shall be suspended. A prize won by a person who has not reached the age of ~~eighteen~~ twenty-one but who purchases a winning ticket or share in violation of this subsection shall be forfeited.

Sec. 7. Section 99F.1, subsections 8 and 15, Code 1993, are amended by striking the subsections.

Sec. 8. Section 99F.1, subsection 10, Code 1993, is amended to read as follows:

10. "Gambling game" means any game of chance authorized by the commission. However, for racetrack enclosures, "gambling game" does not include table games of chance or video machines. "Gambling game" does not include sports betting.

Sec. 9. Section 99F.1, Code 1993, is amended by adding the following new subsection:

NEW SUBSECTION. 17. "Racetrack enclosure" means the grandstand, clubhouse, turf club, or other areas of a licensed racetrack which an individual may enter only upon payment of an admission fee or upon presentation of authorized credentials. "Racetrack enclosure" also means any additional areas designated by the commission.

Sec. 10. Section 99F.4, subsection 4, Code Supplement 1993, is amended to read as follows:

4. ~~To regulate the wagering structure for gambling excursions including providing a maximum wager of five dollars per hand or play and maximum loss of two hundred dollars per individual player per gambling excursion~~ license the licensee of a pari-mutuel dog or horse racetrack enclosure subject to the provisions of this chapter and rules adopted pursuant to this chapter relating to gambling except as otherwise provided in section 99F.4A.

Sec. 11. Section 99F.4, subsection 17, Code Supplement 1993, is amended to read as follows:

17. To define the excursion season and the duration of an excursion which shall be at least three hours during the excursion season. For the off season, the commission shall adopt rules limiting times of admission to excursion gambling boats consistent with maximum loss per player per gambling excursion specified in subsection 4. While an excursion gambling boat is docked, passengers may embark or disembark at any time during its business hours.

Sec. 12. Section 99F.4, subsection 20, Code Supplement 1993, is amended by striking the subsection.

Sec. 13. NEW SECTION. 99F.4A GAMBLING GAMES AT PARI-MUTUEL RACETRACKS – FEES AND TAXES.

1. Upon application, the commission shall license the licensee of a pari-mutuel dog or horse racetrack to operate gambling games at a pari-mutuel racetrack enclosure subject to the provisions of this chapter and rules adopted pursuant to this chapter relating to gambling except as otherwise provided in this section.

2. A license to operate gambling games shall be issued only to a licensee holding a valid license to conduct pari-mutuel dog or horse racing pursuant to chapter 99D on January 1, 1994.

3. A person holding a valid license pursuant to chapter 99D to conduct pari-mutuel wagering at a dog or horse racetrack is exempt from further investigation and examination for licensing to operate a gambling game pursuant to this chapter. However, the commission may order future investigations or examinations as the commission finds appropriate.

4. The fee imposed in section 99D.14, subsection 2, shall be collected for admission to a racetrack enclosure where gambling games are licensed to operate in lieu of the admission fee imposed in section 99F.10.

5. In lieu of the annual license fee specified in section 99F.5, the annual license fee for operating gambling games at a pari-mutuel racetrack shall be one thousand dollars.

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

7. A licensee shall keep its books and records regarding the operation of gambling games in compliance with section 99F.12, as applicable.

Sec. 14. Section 99F.5, subsection 1, Code 1993, is amended to read as follows:

1. A qualified sponsoring organization may apply to the commission for a license to conduct gambling games on an excursion gambling boat as provided in this chapter. A person may apply to the commission for a license to operate an excursion gambling boat. The application shall be filed with the administrator of the commission at least ninety days before the first day of the next excursion season as determined by the commission, shall identify the excursion gambling boat upon which gambling games will be authorized, shall specify the exact location where the excursion gambling boat will be docked, and shall be in a form and contain information as the commission prescribes. The minimum passenger capacity of an excursion gambling boat is two hundred fifty persons.

Sec. 15. Section 99F.6, subsection 4, Code 1993, is amended to read as follows:

4. a. Before a license is granted, the division of criminal investigation of the department of public safety shall conduct a thorough background investigation of the applicant for a license to operate a gambling game operation on an excursion gambling boat. The applicant shall provide information on a form as required by the division of criminal investigation. Before a qualified sponsoring organization is licensed to operate gambling games under this chapter, the qualified sponsoring organization shall certify that the receipts of all gambling games, less reasonable expenses, charges, taxes, fees, and deductions allowed under this chapter, will be distributed as winnings to players or participants or will be distributed for educational, civic, public, charitable, patriotic, or religious uses as defined in section 99B.7, subsection 3, paragraph "b". However, if a licensee who is also licensed to conduct pari-mutuel wagering at a horse racetrack has unpaid debt from the pari-mutuel racetrack operations, the first receipts of the gambling games operated within the racetrack enclosure less reasonable operating expenses, taxes, and fees allowed under this chapter shall be first used to pay the annual indebtedness. The commission shall authorize, subject to the debt payments for horse racetracks and the provisions of paragraph "b" for dog racetracks, a licensee who is also licensed to conduct pari-mutuel dog or horse racing to use receipts from gambling games within the racetrack enclosure to supplement purses for races particularly for Iowa-bred horses pursuant to an agreement which shall be negotiated between the licensee and representatives of the dog or horse owners. A qualified sponsoring organization shall not make a contribution to a candidate, political committee, candidate's committee, state statutory political committee, county statutory political committee, national political party, or fund-raising event as these terms are defined in section 56.2. The membership of the board of directors of a qualified sponsoring organization shall represent a broad interest of the communities.

b. The commission shall authorize the licensees of pari-mutuel dog racetracks located in Dubuque county and Black Hawk county to conduct gambling games as provided in section 99F.4A if the licensees schedule at least one hundred thirty performances of twelve live races

each day during a season of twenty-five weeks. For the pari-mutuel dog racetrack located in Pottawattamie county, the commission shall authorize the licensee to conduct gambling games as provided in section 99F.4A if the licensee schedules at least two hundred ninety performances of twelve live races each day during a season of fifty weeks. The commission shall approve an annual contract to be negotiated between the annual recipient of the dog racing promotion fund and each dog racetrack licensee to specify the percentage or amount of gambling game proceeds which shall be dedicated to supplement the purses of live dog races. The parties shall agree to a negotiation timetable to insure no interruption of business activity. If the parties fail to agree, the commission shall impose a timetable. If the two parties cannot reach agreement, each party shall select a representative and the two representatives shall select a third person to assist in negotiating an agreement. The two representatives may select the commission or one of its members to serve as the third party. Alternately, each party shall submit the name of the proposed third person to the commission who shall then select one of the two persons to serve as the third party. All parties to the negotiations, including the commission, shall consider that the dog racetracks were built to facilitate the development and promotion of Iowa greyhound racing dogs in this state and shall negotiate and decide accordingly.

Sec. 16. Section 99F.7, subsection 5, paragraph a, Code Supplement 1993, is amended by striking the paragraph.

Sec. 17. Section 99F.7, subsection 10, paragraph c, Code Supplement 1993, is amended to read as follows:

c. If, after July 1, 1989 January 1, 1994, section 99F.4, subsection 4, or 99F.9, subsection 2, is amended or stricken, including any amending or striking by this Act, or a licensee of a pari-mutuel racetrack who held a valid license issued under chapter 99D as of January 1, 1994, requests a license to operate gambling games as provided in this chapter, the board of supervisors of a county in which excursion boat gambling has been approved or in which the licensee of a pari-mutuel racetrack requests a license to operate gambling games shall submit to the county electorate a proposition to approve or disapprove the conduct of gambling games on excursion gambling boats or the operation of gambling games at pari-mutuel racetracks at a special election at the earliest practicable time. If excursion boat gambling is not approved by a majority of the county electorate voting on the proposition at the election, paragraph "b" does not apply to the licenses and the commission shall cancel the licenses issued for the county within sixty days of the unfavorable referendum. If the operation of gambling games at the pari-mutuel racetrack is not approved by a majority of the county electorate voting on the proposition at the election, the commission shall not issue a license to operate gambling games at the racetrack. If the proposition to operate gambling games on an excursion gambling boat or at a racetrack enclosure is approved by a majority of the county electorate voting on the proposition, the board of supervisors shall submit the same proposition to the county electorate at the general election held in 2002 and, unless the operation of gambling games is not terminated earlier as provided in this chapter or chapter 99D, at the general election held at each subsequent eight-year interval.

Sec. 18. Section 99F.7, Code Supplement 1993, is amended by adding the following new subsection:

**NEW SUBSECTION. 16.** The commission shall require each licensee operating gambling games to post in conspicuous locations specified by the commission the average percentage pay out from the gambling machines.

Sec. 19. Section 99F.9, subsection 2, Code 1993, is amended by striking the subsection.

Sec. 20. Section 99F.9, subsection 3, Code 1993, is amended to read as follows:

3. The licensee may receive wagers only from a person present on a licensed excursion gambling boat or in a licensed racetrack enclosure.

Sec. 21. Section 99F.9, subsection 4, Code 1993, is amended to read as follows:

4. The licensee shall exchange the money of each wagerer for tokens, chips, or other forms of credit to be wagered on the gambling games. However, nickels and quarters of legal tender may be used for wagering in lieu of tokens or other forms of credit. The licensee shall exchange the gambling tokens, chips, or other forms of wagering credit for money at the request of the wagerer.

Sec. 22. Section 99F.9, subsections 5 and 7, Code 1993, are amended by striking the subsections.

Sec. 23. Section 99F.9, subsection 6, Code 1993, is amended to read as follows:

6. A person under the age of eighteen twenty-one years shall not make a wager on an excursion gambling boat and shall not be allowed in the area of the excursion boat where gambling is being conducted. However, a person eighteen years of age or older may be employed to work in a gambling area.

Sec. 24. Section 99F.9, Code 1993, is amended by adding the following new subsection:  
NEW SUBSECTION. 8. A licensee shall not accept a credit card as defined in section 537.1301, subsection 16, to purchase coins, tokens, or other forms of credit to be wagered on gambling games.

Sec. 25. Section 99F.11, unnumbered paragraph 1, Code 1993, is amended to read as follows:

A tax is imposed on the adjusted gross receipts received annually from gambling games authorized under this chapter at the rate of five percent on the first one million dollars of adjusted gross receipts, at the rate of ten percent on the next two million dollars of adjusted gross receipts, and at the rate of twenty percent on any amount of adjusted gross receipts over three million dollars. However, beginning January 1, 1997, the rate on any amount of adjusted gross receipts over three million dollars from gambling games at racetrack enclosures is twenty-two percent and shall increase by two percent each succeeding calendar year until the rate is thirty-six percent. The taxes imposed by this section shall be paid by the licensee to the treasurer of state within ten days after the close of the day when the wagers were made and shall be distributed as follows:

Sec. 26. Section 99F.11, subsection 3, Code 1993, is amended to read as follows:

3. ~~Three~~ Five percent of the adjusted gross receipts shall be deposited in the gamblers assistance fund specified in section 99E.10, subsection 1, paragraph "a".

Sec. 27. Section 99F.15, subsection 2, Code 1993, is amended to read as follows:

2. A person knowingly permitting a person under the age of eighteen twenty-one years to make a wager is guilty of a simple misdemeanor.

Sec. 28. Section 99F.15, subsection 3, Code 1993, is amended to read as follows:

3. A person wagering or accepting a wager at any location outside ~~the~~ an excursion gambling boat or a racetrack enclosure is in violation of section 725.7.

Sec. 29. Section 99F.16, subsection 2, Code 1993, is amended to read as follows:

2. ~~All~~ Except for coins authorized in section 99F.9, subsection 4, all moneys, coin, and currency found in close proximity of wagers, or of records of wagers are presumed forfeited. The burden of proof is upon the claimant of the property to rebut this presumption.

Sec. 30. **ADDITIONAL GAMBLING REVENUE.** For the fiscal year beginning July 1, 1994, and ending June 30, 1995, fifty percent of the gambling revenue received by the state pursuant to chapters 99D and 99F in excess of \$11,100,000 shall be credited to the cash reserve fund created in section 8.56. However, of the additional tax revenue received pursuant to this section, the first \$299,369 shall be paid to the department of public safety and used for the salaries, support, maintenance, and miscellaneous purposes of five full-time equivalent parimutuel law enforcement agents, including the state's contribution to the peace officers' retirement, accident, and liability system provided in chapter 97A in the amount of eighteen

percent of the officers' salaries. However, the portion of the additional tax revenue received for the gamblers assistance fund shall be used by the department of human services to fund a coordinator and additional staff as needed to develop educational prevention programs and treatment programs for addicted gamblers.

Sec. 31. This Act, being deemed of immediate importance, takes effect upon enactment.

Approved March 31, 1994

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## CHAPTER 1022

### STATE EMPLOYEES DISABILITY INSURANCE PROGRAM

*H.F. 2120*

**AN ACT** relating to benefits paid under the state employees disability insurance program, and providing effective and retroactive applicability dates.

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

Section 1. Section 70A.20, unnumbered paragraph 1, Code Supplement 1993, is amended to read as follows:

A state employees disability insurance program is created, which shall be administered by the director of the department of personnel and which shall provide disability benefits in an amount and for the employees as provided in this section. The monthly disability benefits shall provide twenty percent of monthly earnings if employed less than one year, forty percent of monthly earnings if employed one year or more but less than two years, and sixty percent of monthly earnings thereafter, reduced by primary and family social security determined at the time social security disability payments commence, workers' compensation if applicable, and any other state sponsored sickness or disability benefits payable. However, the amount of benefits payable under the Iowa public employees' retirement system pursuant to chapter 97B shall not reduce the benefits payable pursuant to this section. Subsequent social security increases shall not be used to further reduce the insurance benefits payable. As used in this section, "primary and family social security" shall not include social security benefits awarded to a disabled adult child of the disabled state employee who does not reside with the disabled state employee if the social security benefits were awarded to the disabled adult child prior to the approval of the state employee's benefits under this section, regardless of whether the United States social security administration records the benefits to the social security number of the disabled adult child, the disabled state employee, or any other family member, and such social security benefits shall not reduce the benefits payable pursuant to this section. As used in this section, unless the context otherwise requires, "adult" means a person who is eighteen years of age or older. State employees shall receive credit for the time they were continuously employed prior to and on July 1, 1974. The following provisions apply to the employees disability insurance program:

Sec. 2. **EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.** This Act, being deemed of immediate importance, takes effect upon enactment and applies retroactively to July 1, 1990.

Approved March 31, 1994