

Reported Recommending
Ind. Postponed.....
Passed House
Failed to Pass House.....
Passed Senate
Failed to Pass Senate.....

House File 64

January 21, 1947.
Ways and Means.

By McFARLANE and REDMAN.

A BILL FOR

An Act to impose a tax upon the gross receipts of commercial amusements; providing for the disposition of the revenue from such tax; and amending section four hundred twenty-two point forty-two (422.42) and section four hundred twenty-two point forty-three (422.43), Code 1946.

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

1 Section 1. Section four hundred twenty-two point
2 forty-two (422.42), Code 1946, is hereby amended by striking
3 the semi-colon (;) after the word "division" in line seven (7)
4 of subsection five (5) and inserting the words: "or operating
5 amusement devices or other forms of commercial amusement from
6 which revenues are derived;"

1 Sec. 2. Section four hundred twenty-two point forty-three
2 (433.43), Code 1946, is hereby amended by inserting the
3 following after line twenty (20) of said section:

4 "There is hereby imposed beginning with the first day of
5 April, 1947, a tax of two percent (2%) upon the gross receipts
6 derived from the operation of all forms of amusement devices
7 and commercial amusement enterprises operated or conducted
8 within the State of Iowa, such tax to be collected from the
9 operator in the same manner as is provided for the collection

10 of taxes upon the gross receipts of tickets or admission as
11 provided in this section.

12 “The tax thus imposed shall cover all receipts from the
13 operation of musical devices, weighing machines, bowling alleys,
14 shooting galleries, billiard and pool tables, pin ball machines,
15 slot operated devices not selling merchandise subject to the
16 general sales taxes and on all receipts from devices or systems
17 where prizes are in any manner awarded to patrons and upon the
18 receipts from fees charged for participation in any game or
19 other form of amusement, and generally upon the gross receipts
20 from any source of amusement operated for profit not specified
21 herein, and upon the gross receipts from which no tax is
22 collected for tickets or admission. Every person receiving
23 gross receipts from the sources as defined in this Act shall
24 be subject to all provisions of Division IV, Chapter four hundred
25 twenty-two (422), Code 1946, relating to retail sales tax and
26 such other provisions of Chapter four hundred twenty-two (422),
27 as may be applicable.”

1 Sec. 3. All revenues arising under the operation of the
2 provisions of this Act shall become part of the special tax
3 fund established by the provisions of section four hundred
4 twenty-two point sixty-two (422.62), Code 1946, and shall be
5 subject to appropriation by the legislature as are other receipts
6 to such special tax fund.

1 Sec. 4. This Act being deemed of immediate importance,
2 shall be in full force and effect from and after its passage

- 3 and publication in....., a newspaper
- 4 published at....., Iowa, and the.....
- 5, a newspaper published at....., Iowa.

EXPLANATION OF H. F. 64

Under present laws there is no amusement tax imposed except in the case of those for which tickets of admission are charged. There is a very large field of amusements which is not subject to this tax, and in other cases the charge is evaded by allowing free admission, but taking a voluntary contribution. Neither is any tax imposed upon juke boxes, pin ball machines, receipts from shooting galleries, bowling alleys, penny arcades and numerous other slot devices purportedly at least operated for amusement only.

This condition of affairs lends itself toward evasion of sales tax, due to the fact that most of these devices are operated by concerns which also deal in merchandise.

It is estimated by tax commission authorities that a minimum of \$800,000 annually would be collected from this source, and the amounts might run to a much higher figure.

The committee sees no reason why the state amusement tax should be confined to entertainment for which admission is charged by ticket or otherwise. The tax imposed by the new measure would be relatively simple of administration, and the procedure would not differ from that used in the collection of the present sales tax.

The bill as drawn covers a wide field of activities, not all of which are legitimate under the laws of Iowa. Its provisions would cover gambling devices, punch boards, lotteries and other activities of like character.

There would be no objection on the part of the committee to the allocation of the receipts from this tax to local taxing districts and in recommending this measure the committee has in mind the fact that the receipts would, in part at least, help meet the cost of reimbursement of military tax service credits as already recommended.