

JAN 28 2002
WAYS AND MEANS

HOUSE FILE 2131
BY HUSER

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the tax rate on the adjusted gross receipts
2 from gambling games at pari-mutuel racetracks and providing
3 effective and retroactive applicability dates.

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

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HF 2131

1 Section 1. Section 99F.11, unnumbered paragraph 1, Code
2 2001, is amended to read as follows:

3 A tax is imposed on the adjusted gross receipts received
4 annually from gambling games authorized under this chapter at
5 the rate of five percent on the first one million dollars of
6 adjusted gross receipts, at the rate of ten percent on the
7 next two million dollars of adjusted gross receipts, and at
8 the rate of twenty percent on any amount of adjusted gross
9 receipts over three million dollars. However, beginning
10 January 1, ~~1997~~ 2002, the rate on any amount of adjusted gross
11 receipts over three million dollars from gambling games at
12 racetrack enclosures is ~~twenty-two~~ thirty percent ~~and shall~~
13 ~~increase by two percent each succeeding calendar year until~~
14 ~~the rate is thirty-six percent~~. The taxes imposed by this
15 section shall be paid by the licensee to the treasurer of
16 state within ten days after the close of the day when the
17 wagers were made and shall be distributed as follows:

18 Sec. 2. EFFECTIVE AND RETROACTIVE APPLICABILITY DATE.
19 This Act, being deemed of immediate importance, takes effect
20 upon enactment and is retroactively applicable to January 1,
21 2002.

22 EXPLANATION

23 This bill provides that the tax rate on the amount of
24 adjusted gross receipts over \$3 million from gambling games at
25 pari-mutuel racetracks shall remain at 30 percent for the
26 calendar year beginning January 1, 2002, and subsequent
27 calendar years. Under current law, the tax rate on the amount
28 of adjusted gross receipts over \$3 million from gambling games
29 at pari-mutuel racetracks increases to 32 percent on January
30 1, 2002, and increases 2 additional percent per year until the
31 tax rate reaches 36 percent.

32 The bill takes effect upon enactment and is retroactively
33 applicable to January 1, 2002.

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Legislative Fiscal Bureau

Fiscal Note

HF 2131 - Wagering Tax (LSB 5404 YH)

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Fiscal Note Version — New

Requested by Representative Dolores Mertz

Description

House File 2131 provides that a tax rate of 30.0% shall be levied on the adjusted gross receipts from gambling games at racetrack enclosures at which the annual total adjusted gross receipts from gambling games is more than \$3.0 million retroactive to January 1, 2002.

Under current law, the tax rate is 32.0% and will increase by 2.0% on January 1, 2003, and each succeeding calendar year until the rate is 36.0% starting January 1, 2004.

Assumptions

1. The adjusted gross receipts at Bluffs Run are estimated to be \$125.0 million in FY 2002.
2. The adjusted gross receipts at Dubuque Greyhound Park are estimated to be \$37.0 million in FY 2002.
3. The adjusted gross receipts at Prairie Meadows are estimated to be \$144.0 million in FY 2002.
4. Maintains the tax rate of 5.0% on the first million of adjusted gross receipts and 10.0% tax rate on the next \$2.0 million of revenue.
5. The highest marginal tax rate will be capped at 30.0% retroactive to January 1, 2002.
6. Adjusted gross receipts for all racetrack enclosures will remain at the FY 2002 level in future years.
7. State gaming revenues in excess of \$145.0 million are deposited in the Rebuild Iowa Infrastructure Fund (RIIF) in FY 2002, \$155.0 million in FY 2003, and \$150.0 million in FY 2004 and FY 2005.

Fiscal Impact

The net fiscal impact of HF 2131 on the Rebuild Iowa Infrastructure Fund (RIIF) would be as follows:

1. A decrease of \$3.1 million for FY 2002.
2. A decrease of \$9.0 million for FY 2003.
3. A decrease of \$14.9 million for FY 2004.
4. A decrease of \$17.8 million for FY 2005 and each succeeding fiscal year.

/s/ Dennis C Prouty

March 13, 2002

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Legislative Fiscal Bureau to members of the Legislature upon request.
