

Eichhorn, Ch.
Teig
Osterhaus

HSB 538

WAYS AND MEANS

led By
2290

HOUSE FILE _____

BY (PROPOSED COMMITTEE ON WAYS
AND MEANS BILL BY CHAIRPERSON
VAN FOSSEN)

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 certain racetrack enclosures.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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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, the rate on any amount of adjusted gross
11 receipts over three million dollars from gambling games at
12 racetrack enclosures is twenty-two percent and shall increase
13 by two percent each succeeding calendar year until the rate is
14 thirty-six percent. However, at racetrack enclosures at which
15 the amount of adjusted gross receipts from gambling games
16 annually is more than three million dollars, the tax rate on
17 the amount of adjusted gross receipts over three million
18 dollars but not more than seventy million dollars from
19 gambling games is the rate which was in effect on December 31,
20 2000, and the tax rate on the amount of adjusted gross
21 receipts over seventy million dollars from gambling games is
22 thirty-six percent. The taxes imposed by this section shall
23 be paid by the licensee to the treasurer of state within ten
24 days after the close of the day when the wagers were made and
25 shall be distributed as follows:

26 EXPLANATION

27 This bill provides that the tax rate which was in effect on
28 December 31, 2000, shall be levied on the adjusted gross
29 receipts from gambling games at racetrack enclosures at which
30 the total adjusted gross receipts received from gambling games
31 annually is more than \$3 million but not more than \$70 million
32 and the tax rate on the amount of adjusted gross receipts from
33 gambling games over \$70 million is 36 percent. The tax rate
34 on the adjusted gross receipts over \$3 million from gambling
35 games at racetrack enclosures was 28 percent for the calendar

538

S.F. _____ H.F. _____

1 year ending December 31, 2000.

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FEB 12 2002

WAYS & MEANS CALENDAR

HOUSE FILE 2290

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 538)

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 certain racetrack enclosures.

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

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HOUSE FILE 2290

H-8111

1 Amend House File 2290 as follows:

2 1. Page 1, by striking lines 9 through 19 and
3 inserting the following: "receipts over three million
4 dollars. However, ~~beginning January 1, 1997,~~ the rate
5 on any amount of the adjusted gross receipts over
6 three million dollars from gambling games at racetrack
7 enclosures is ~~twenty two percent and shall increase by~~
8 ~~two percent each succeeding calendar year until the~~
9 ~~rate is thirty six~~ thirty percent. The taxes imposed
10 by this".

By BRUNKHORST of Bremer

H-8111 FILED FEBRUARY 27, 2002

HF 2290

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, the rate on any amount of adjusted gross
11 receipts over three million dollars from gambling games at
12 racetrack enclosures is twenty-two percent and shall increase
13 by two percent each succeeding calendar year until the rate is
14 thirty-six percent. However, at racetrack enclosures at which
15 the total amount of adjusted gross receipts from gambling
16 games annually is not more than seventy million dollars, the
17 tax rate on the amount of adjusted gross receipts over three
18 million dollars from gambling games is the rate which was in
19 effect on December 31, 2001. The taxes imposed by this
20 section shall be paid by the licensee to the treasurer of
21 state within ten days after the close of the day when the
22 wagers were made and shall be distributed as follows:

23 EXPLANATION

24 This bill provides that the tax rate which was in effect on
25 December 31, 2001, shall be levied on the adjusted gross
26 receipts from gambling games between \$3 million and \$70
27 million at racetrack enclosures at which the total adjusted
28 gross receipts received from gambling games annually is not
29 more than \$70 million. The tax rate on the adjusted gross
30 receipts over \$3 million from gambling games at racetrack
31 enclosures was 30 percent for the calendar year ending
32 December 31, 2001.

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Legislative Fiscal Bureau

Fiscal Note

House File 2290 - Racetrack Enclosure Tax (LSB 5663 HV)
Analyst: Ron Robinson (Phone: (515) 281-6256) (Ron.Robinson@legis.state.ia.us)
Fiscal Note Version - New

Description

House File 2290 provides that racetrack enclosures at which the total amount of adjusted gross receipts from gambling games annually is not more than \$70.0 million, the tax rate on the amount of adjusted gross receipts over \$3.0 million is 30.0%.

Assumptions

- 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.
- Adjusted Gross Receipts are assumed to remain the same beginning in FY 2003.
- State gaming tax receipts do not include Gamblers Treatment.
- The lower rate will only impact Dubuque Greyhound Park.
- Dubuque Greyhound Park would continue to operate with or without a change in the tax rate.
- The annual adjusted gross revenue from slot machines at the Dubuque Greyhound Park is \$37.0 million.
- Dubuque Greyhound Park pays approximately \$960,000 to the State in the form of Pari-Mutuel Taxes.

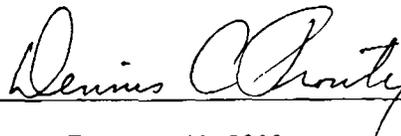
Fiscal Impact

The fiscal impact of House File 2290 will result in a loss of revenue to the Rebuild Iowa Infrastructure Fund (RIIF) as follows:

FY 2003 \$1.1 million
FY 2004 \$1.7 million
FY 2005 and each succeeding fiscal year \$2.0 million

Source

December 7, 2001, Revenue Estimating Conference (REC)



February 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.
