

APR 5 2005

WAYS & MEANS CALENDAR

HOUSE FILE 840
BY COMMITTEE ON WAYS
AND MEANS

(SUCCESSOR TO HSB 290)
(COMPANION TO SF 393)

Passed House, Date 4-12-05 Passed Senate, Date 4-26-05

Vote: Ayes 81 Nays 18 Vote: Ayes 44 Nays 6

Re-passed
4-27-05 84-16 Approved 5/4/05

A BILL FOR

1 An Act authorizing the rebate of state sales tax to the owner or
2 operator of a sanctioned automobile racetrack facility.

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

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HF 840

1 Section 1. FINDINGS. The general assembly finds that a
2 nationally sanctioned automobile racetrack facility in Iowa
3 would result in a substantial economic benefit to the state
4 and would offer thousands of spectators the opportunity to
5 experience and discover Iowa.

6 The general assembly further finds that the development of
7 the racetrack facility and surrounding entertainment complex
8 would enhance the economic development of the area through an
9 increase in tourism.

10 The general assembly further finds that the rebate of state
11 sales tax collected at the racetrack facility and
12 entertainment complex to assist in the development of such
13 facility and complex would further tourism and is a public
14 purpose for which state funds may be used.

15 Sec. 2. Section 423.4, Code 2005, is amended by adding the
16 following new subsection:

17 NEW SUBSECTION. 4. a. For purposes of this subsection:

18 (1) "Automobile racetrack facility" means a sanctioned
19 automobile racetrack facility located as part of a racetrack
20 and entertainment complex located in a city with a population
21 of at least fourteen thousand five hundred but not more than
22 sixteen thousand five hundred residents, which city is located
23 in a county with a population of at least thirty-five thousand
24 but not more than forty thousand residents and where the
25 construction on the racetrack facility commenced not later
26 than one year following the enactment of this Act and the cost
27 of the construction upon completion was at least thirty
28 million dollars.

29 (2) "Owner or operator" means a for-profit entity that is
30 the owner or operator of an automobile racetrack facility and
31 that is primarily a promoter of motor vehicle races.

32 (3) "Population" means the population based upon the 2000
33 certified federal census.

34 b. The owner or operator of an automobile racetrack
35 facility may apply to the department for a rebate of sales tax

1 imposed and collected by retailers upon sales of any goods,
2 wares, merchandise, or services furnished to purchasers at the
3 automobile racetrack facility.

4 c. The rebate may be obtained only in the following
5 amounts and manner and only under the following conditions:

6 (1) On forms furnished by the department within the time
7 period provided by the department by rule, which time period
8 shall not be longer than quarterly.

9 (2) The owner or operator shall provide information as
10 deemed necessary by the department.

11 (3) The transactions for which sales tax was collected and
12 the rebate is sought occurred on or after January 1, 2006, but
13 before January 1, 2016. However, not more than twelve million
14 five hundred thousand dollars in total rebates shall be
15 provided pursuant to this subsection.

16 d. To assist the department in determining the amount of
17 the rebate, the owner or operator shall identify to the
18 department retailers located at the automobile racetrack
19 facility who will be collecting sales tax. The department
20 shall verify such identity and shall establish a separate
21 automobile racetrack facility rebate account in the state
22 treasury. The department shall deposit into the rebate
23 account all sales taxes received from the identified retailers
24 located at the automobile racetrack facility. The moneys in
25 the rebate account are appropriated to the department for
26 disbursement as provided in this subsection. For purposes of
27 this subsection, advance ticket and admissions sales shall be
28 considered occurring at the automobile racetrack facility
29 regardless of where the transactions actually occur.

30 e. Upon determining that the conditions and requirements
31 of this subsection and the department are met, the department
32 shall issue a warrant to the owner or operator in the amount
33 equal to the balance in the rebate account as of the end of
34 the month preceding the month the application for a rebate was
35 received.

1 f. Only the state sales tax is subject to rebate. Any
2 local option taxes paid and collected shall not be subject to
3 rebate under this subsection.

4 g. Any moneys remaining in the rebate account upon the
5 repeal of this subsection, as provided in paragraph "h", shall
6 be transferred to the general fund of the state.

7 h. This subsection is repealed June 30, 2016, or thirty
8 days following the date on which twelve million five hundred
9 thousand dollars in total rebates have been provided,
10 whichever is the earlier.

11 EXPLANATION

12 This bill authorizes the department of revenue to rebate
13 sales tax collected by retailers on purchases made at an
14 automobile racetrack facility. To be eligible for the rebate
15 the facility must be located in a city, with a population
16 between 14,500 and 16,500, which is located in a county with a
17 population between 35,000 and 40,000. The person eligible to
18 receive the rebate is the owner or operator of the sanctioned
19 automobile racetrack facility. Construction on the facility
20 must commence not later than one year following enactment of
21 the bill and the cost of construction upon completion must be
22 at least \$30 million.

23 The rebate of sales tax is only of the sales tax collected
24 on transactions occurring on or after January 1, 2006, and
25 before January 1, 2016.

26 The rebate only applies to the state sales tax collected
27 and not to any local option sales tax and is limited to a
28 total of \$12.5 million in rebates.

29 The rebate provision is repealed June 30, 2016, or when
30 \$12.5 million has been rebated, whichever occurs earlier.

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Fiscal Services Division
Legislative Services Agency
Fiscal Note

HF 840 – Newton Track Sales Tax Rebate (LSB 3065 HV)

Analyst: Jeff Robinson (Phone: (515) 281-4614) (jeff.robinson@legis.state.ia.us)

Fiscal Note Version – New

Description

House File 840 provides a sales tax rebate to a newly constructed automobile racetrack in Iowa meeting specified conditions. The proposed track in Newton meets the specification of the Bill. The rebate would begin January 1, 2006, and run for ten years or until a total of \$12.5 million in sales tax has been rebated to the track.

Background

House File 840 applies only to the proposed automobile racetrack to be located in Newton. The current proposed track configuration calls for 25,000 permanent seats with the potential to expand to 80,000.

The City of Newton, through Tax Increment Financing and a Development Agreement, has committed to the following assistance to the developers:

- A grant of up to \$1.3 million for land acquisition.
- A grant of \$2.0 million for construction costs.
- Full tax abatement and rebate for five years (value of approximately \$8.0 million).
- Public infrastructure improvements estimated at \$9.3 million (sewer, roads, *etc.*).

The City of Newton has requested \$4.0 million in assistance from the State Community Attractions and Tourism (CAT) Fund and will apply for \$5.0 million in infrastructure assistance from the Revitalize Iowa's Sound Economy (RISE) Fund.

According to the CAT application (completed by the City of Newton), developer-paid acquisition and construction costs will total \$45.0 to \$47.2 million. The developer is borrowing \$57.0 million from private sources and will also have available the \$3.3 million in grants from the City. The developers have indicated that a \$13.0 million loan guarantee payment is part of the financing arrangement.

Fiscal Impact

The Newton racetrack will receive a maximum sales tax rebate of \$12.5 million over ten fiscal years, beginning FY 2007. The sales tax rebate will be paid from the State General Fund. Local option sales tax will not be rebated.

Sources

City of Newton
Various public documents related to Newton track proposals
Department of Economic Development

Dennis C Prouty

April 12, 2005

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 Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

S-3166

1 Amend House File 840, as passed by the House, as
2 follows:

3 1. By striking everything after the enacting
4 clause and inserting the following:

5 "Section 1. FINDINGS. The general assembly finds
6 that a nationally sanctioned automobile racetrack
7 facility in Iowa would result in a substantial
8 economic benefit to the state and would offer
9 thousands of spectators the opportunity to experience
10 and discover Iowa.

11 The general assembly further finds that the
12 development of the racetrack facility and surrounding
13 entertainment complex including a museum would enhance
14 the economic development of the area through an
15 increase in tourism.

16 The general assembly further finds that the rebate
17 of state sales tax collected at the racetrack facility
18 and entertainment complex to assist in the development
19 of such facility and complex would further tourism and
20 is a public purpose for which state funds may be used.

21 The general assembly further finds that the rebate
22 of state sales tax to the racetrack facility should be
23 viewed as a pilot project and considered a potential
24 program to be used as a means to increase tourism into
25 the state.

26 Sec. 2. Section 423.4, Code 2005, is amended by
27 adding the following new subsection:

28 NEW SUBSECTION. 4. a. For purposes of this
29 subsection:

30 (1) "Automobile racetrack facility" means a
31 sanctioned automobile racetrack facility located as
32 part of a racetrack and entertainment complex,
33 including any museum attached to or included in the
34 racetrack facility but excluding any restaurant, and
35 which facility is located, on a maximum of two hundred
36 thirty-two acres, in a city with a population of at
37 least fourteen thousand five hundred but not more than
38 sixteen thousand five hundred residents, which city is
39 located in a county with a population of at least
40 thirty-five thousand but not more than forty thousand
41 residents and where the construction on the racetrack
42 facility commenced not later than one year following
43 the enactment of this Act and the cost of the
44 construction upon completion was at least thirty-five
45 million dollars.

46 (2) "Change of control" means any of the
47 following:

48 (a) Any change in the ownership of the original or
49 any subsequent legal entity that is the owner or
50 operator of the automobile racetrack facility such

S-3166

1 that at least sixty percent of the equity interests in
2 the legal entity cease to be owned by individuals who
3 are residents of Iowa, an Iowa corporation, or
4 combination of both.

5 (b) The original owners of the legal entity that
6 is the owner or operator of the automobile racetrack
7 facility shall collectively cease to own more than
8 fifty percent of the voting equity interests of such
9 legal entity or shall otherwise cease to have
10 effective control of such legal entity.

11 (3) "Iowa corporation" means a corporation
12 incorporated under the laws of Iowa where at least
13 sixty percent of the corporation's equity interests
14 are owned by individuals who are residents of Iowa.

15 (4) "Owner or operator" means a for-profit legal
16 entity where at least sixty percent of its equity
17 interests are owned by individuals who are residents
18 of Iowa, an Iowa corporation, or combination of both
19 and that is the owner or operator of an automobile
20 racetrack facility and is primarily a promoter of
21 motor vehicle races.

22 (5) "Population" means the population based upon
23 the 2000 certified federal census.

24 b. The owner or operator of an automobile
25 racetrack facility may apply to the department for a
26 rebate of sales tax imposed and collected by retailers
27 upon sales of any goods, wares, merchandise, or
28 services furnished to purchasers at the automobile
29 racetrack facility.

30 c. The rebate may be obtained only in the
31 following amounts and manner and only under the
32 following conditions:

33 (1) On forms furnished by the department within
34 the time period provided by the department by rule,
35 which time period shall not be longer than quarterly.

36 (2) The owner or operator shall provide
37 information as deemed necessary by the department.

38 (3) The transactions for which sales tax was
39 collected and the rebate is sought occurred on or
40 after January 1, 2006, but before January 1, 2016.
41 However, not more than twelve million five hundred
42 thousand dollars in total rebates shall be provided
43 pursuant to this subsection.

44 (4) Notwithstanding subparagraph (3), the rebate
45 of sales tax shall cease for transactions occurring on
46 or after the date of the sale or other transfer,
47 whether voluntarily or involuntarily, of the
48 automobile racetrack facility to a party other than
49 the original owner of the facility or upon a change of
50 control of such facility.

1 (5) The automobile racetrack facility has not
2 received or shall not receive any grants under the
3 community attraction and tourism program pursuant to
4 chapter 15F, subchapter II, or the vision Iowa program
5 pursuant to chapter 15F, subchapter III.

6 d. To assist the department in determining the
7 amount of the rebate, the owner or operator shall
8 identify to the department retailers located at the
9 automobile racetrack facility who will be collecting
10 sales tax. The department shall verify such identity
11 and ensure that all proper permits have been issued.
12 For purposes of this subsection, advance ticket and
13 admissions sales shall be considered occurring at the
14 automobile racetrack facility regardless of where the
15 transactions actually occur.

16 e. Upon determining that the conditions and
17 requirements of this subsection and the department are
18 met, the department shall issue a warrant to the owner
19 or operator in the amount equal to the amount claimed
20 and verified by the department.

21 f. Only the state sales tax is subject to rebate.
22 Any local option taxes paid and collected shall not be
23 subject to rebate under this subsection.

24 g. This subsection is repealed June 30, 2016, or
25 thirty days following the date on which twelve million
26 five hundred thousand dollars in total rebates have
27 been provided, or thirty days following the date on
28 which rebates cease as provided in paragraph "c",
29 subparagraph (4), whichever is the earliest.

30 Sec. 3. PILOT PROJECT -- EVALUATION. The sales
31 tax rebate provided in this Act for the owner or
32 operator of an automobile racetrack facility is viewed
33 as a pilot project to gauge the feasibility of using
34 such an approach to assist large capital projects that
35 have the potential to increase tourism into the state.

36 The department of economic development and the
37 department of revenue shall review and evaluate the
38 pilot project established in this Act and determine
39 the benefits to the state. A report from each
40 department shall be filed with the general assembly no
41 later than January 15, 2008, and shall contain its
42 evaluation and recommendations, especially with regard
43 to the creation of a sales tax rebate program as part
44 of the state's economic development tools. However,
45 the departments may file a joint report if this would
46 prove more beneficial to the general assembly and the
47 evaluation of the pilot project."

By BOB BRUNKHORST
ROGER STEWART
STEVE KETTERING

WILLIAM A. DOTZLER
MARK ZIEMAN
THOMAS RIELLY

S-3173

1 Amend the amendment, S-3166, to House File 840, as
2 passed by the House, as follows:

3 1. Page 3, by inserting after line 29 the
4 following:

5 "Sec. ____ . NEW SECTION. 423D.1 SPECIAL
6 ATTRACTION SALES TAX.

7 1. For purposes of this section, "special
8 attraction" means a project or facility of which the
9 owners or operators are eligible to receive state
10 sales tax rebates pursuant to section 423.4,
11 subsection 4, or any other provision of law.

12 2. There is imposed a special attraction sales tax
13 on the retail sale of any goods, wares, and
14 merchandise or the furnishing of services at a special
15 attraction. The rate of the tax shall be equal to
16 three percent and shall apply to the sales price of
17 those goods, wares, and merchandise or services that
18 are subject to the state sales tax. The tax shall be
19 imposed in addition to the state sales tax and any
20 local sales and services tax. In computing the tax,
21 the amount of the state and local taxes shall not be
22 included. The special attraction tax shall be
23 separately stated.

24 3. A special attraction sales tax shall be imposed
25 on the first day of the calendar quarter following the
26 beginning date when sales tax on transactions at a
27 special attraction may be rebated. The special
28 attraction sales tax shall cease to be imposed on the
29 first day of the calendar quarter following the ending
30 date when sales tax on transactions at a special
31 attraction may no longer be rebated.

32 4. a. The director of revenue shall administer
33 the special attraction sales tax as nearly as possible
34 in conjunction with the administration of state sales
35 tax laws. The director shall provide appropriate
36 forms or provide on the regular state tax forms for
37 reporting the special attraction sales tax liability.

38 b. All powers and requirements of the director to
39 administer the state sales tax law are applicable to
40 the administration of the special attraction sales tax
41 law, including but not limited to the provisions of
42 section 422.25, subsection 4, sections 422.30, 422.67,
43 and 422.68, section 422.69, subsection 1, sections
44 422.70 to 422.75, section 423.14, subsection 1 and
45 subsection 2, paragraphs "b" through "e", and sections
46 423.15, 423.23, 423.24, 423.25, 423.31 to 423.35,
47 423.37 to 423.42, 423.46, and 423.47.

48 c. Frequency of deposits and quarterly reports of
49 the special attraction sales tax with the department
50 of revenue are governed by the tax provisions in

S-3173

S-3173

Page 2

1 section 423.31. Tax collections shall not be included
2 in computation of the total tax to determine frequency
3 of filing under section 423.31.

4 5. All revenues, penalties, and interest collected
5 from the tax imposed pursuant to this section shall be
6 deposited into the community attraction and tourism
7 fund created in section 15F.204."

8 2. Page 3, by inserting after line 47, the
9 following:

10 "____. Title page, line 2, by inserting after the
11 word "facility" the following: "and imposing a
12 special attraction sales tax by the state"."

By JACK HATCH
JOE BOLKCOM

S-3173 FILED APRIL 26, 2005

LOST

HOUSE FILE 840

S-3169

1 Amend the amendment, S-3166, to House File 840, as
2 passed by the House, as follows:

3 1. Page 1, by inserting after line 25 the
4 following:

5 "The general assembly further finds that the
6 department of economic development has demonstrated
7 its ability to select projects for state assistance
8 which have benefited not only the areas where the
9 projects are located but also the state as a whole.
10 It is thus declared that the department of economic
11 development shall be involved in ascertaining the
12 viability and worthfulness of the racetrack facility
13 for which state funds are to be made available through
14 sales tax rebates."

15 2. Page 2, by inserting after line 23 the
16 following:

17 "aa. The owner or operator of an automobile
18 racetrack facility that seeks to receive sales tax
19 rebates pursuant to this subsection shall apply to the
20 department of economic development for approval.
21 Application for approval shall be submitted on forms
22 provided by the department. Before approval shall be
23 given, the department shall make a determination that
24 providing state sales tax rebates to the owners or
25 operators of the automobile racetrack facility will be
26 in the best interest of the state and that the
27 facility will generate additional attraction and
28 tourism opportunities."

29 3. Page 2, line 25, by inserting after the word
30 "facility" the following: "that has received approval
31 from the department of economic development".

By JACK HATCH
KEITH A. KREIMAN

S-3169 FILED APRIL 26, 2005

LOST

HOUSE FILE 840

S-3179

1 Amend the amendment, S-3166, to House File 840, as
2 passed by the House, as follows:

3 1. Page 3, by inserting after line 29 the
4 following:

5 "Sec. ____ . NEW SECTION. 423D.1 REPAYMENT OF
6 REBATE.

7 1. The owners or operators of the automobile
8 racetrack facility that received a sales tax rebate
9 pursuant to section 423.4, subsection 4, shall repay
10 the amount of the rebate beginning one year from the
11 date that twelve million five hundred thousand dollars
12 was rebated or the date of the repeal of section
13 423.4, subsection 4, whichever occurred earlier. The
14 repayment per year shall equal ten percent of the
15 state corporate income tax liability of the racetrack
16 facility until the total amount of rebates has been
17 repaid. However, upon change in ownership of the
18 racetrack facility any remaining repayments shall
19 become due and payable. The repayments shall be made
20 by the owners or operators of the facility on a
21 calendar year basis according to rules established by
22 the director of revenue.

23 2. There is established an economic development
24 revolving loan fund created as a separate fund in the
25 state treasury under the control of the department of
26 economic development. Moneys in the fund shall be
27 used to provide loans by the department for economic
28 development purposes pursuant to existing programs.

29 3. All revenues received from the repayment of
30 rebates pursuant to subsection 1 shall be deposited
31 into the economic development revolving loan fund."

32 2. Page 3, by inserting after line 47 the
33 following:

34 "____. Title page, line 2, by inserting after the
35 word "facility" the following: "and requiring the
36 repayment of any rebates"".

By KEITH A. KREIMAN

S-3179 FILED APRIL 26, 2005

LOST

**SENATE AMENDMENT TO
HOUSE FILE 840**

H-1543

1 Amend House File 840, as passed by the House, as
2 follows:

3 1. By striking everything after the enacting
4 clause and inserting the following:

5 "Section 1. FINDINGS. The general assembly finds
6 that a nationally sanctioned automobile racetrack
7 facility in Iowa would result in a substantial
8 economic benefit to the state and would offer
9 thousands of spectators the opportunity to experience
10 and discover Iowa.

11 The general assembly further finds that the
12 development of the racetrack facility and surrounding
13 entertainment complex including a museum would enhance
14 the economic development of the area through an
15 increase in tourism.

16 The general assembly further finds that the rebate
17 of state sales tax collected at the racetrack facility
18 and entertainment complex to assist in the development
19 of such facility and complex would further tourism and
20 is a public purpose for which state funds may be used.

21 The general assembly further finds that the rebate
22 of state sales tax to the racetrack facility should be
23 viewed as a pilot project and considered a potential
24 program to be used as a means to increase tourism into
25 the state.

26 Sec. 2. Section 423.4, Code 2005, is amended by
27 adding the following new subsection:

28 NEW SUBSECTION. 4. a. For purposes of this
29 subsection:

30 (1) "Automobile racetrack facility" means a
31 sanctioned automobile racetrack facility located as
32 part of a racetrack and entertainment complex,
33 including any museum attached to or included in the
34 racetrack facility but excluding any restaurant, and
35 which facility is located, on a maximum of two hundred
36 thirty-two acres, in a city with a population of at
37 least fourteen thousand five hundred but not more than
38 sixteen thousand five hundred residents, which city is
39 located in a county with a population of at least
40 thirty-five thousand but not more than forty thousand
41 residents and where the construction on the racetrack
42 facility commenced not later than one year following
43 the enactment of this Act and the cost of the
44 construction upon completion was at least thirty-five
45 million dollars.

46 (2) "Change of control" means any of the
47 following:

48 (a) Any change in the ownership of the original or
49 any subsequent legal entity that is the owner or
50 operator of the automobile racetrack facility such

H-1543

1 that at least sixty percent of the equity interests in
2 the legal entity cease to be owned by individuals who
3 are residents of Iowa, an Iowa corporation, or
4 combination of both.

5 (b) The original owners of the legal entity that
6 is the owner or operator of the automobile racetrack
7 facility shall collectively cease to own more than
8 fifty percent of the voting equity interests of such
9 legal entity or shall otherwise cease to have
10 effective control of such legal entity.

11 (3) "Iowa corporation" means a corporation
12 incorporated under the laws of Iowa where at least
13 sixty percent of the corporation's equity interests
14 are owned by individuals who are residents of Iowa.

15 (4) "Owner or operator" means a for-profit legal
16 entity where at least sixty percent of its equity
17 interests are owned by individuals who are residents
18 of Iowa, an Iowa corporation, or combination of both
19 and that is the owner or operator of an automobile
20 racetrack facility and is primarily a promoter of
21 motor vehicle races.

22 (5) "Population" means the population based upon
23 the 2000 certified federal census.

24 b. The owner or operator of an automobile
25 racetrack facility may apply to the department for a
26 rebate of sales tax imposed and collected by retailers
27 upon sales of any goods, wares, merchandise, or
28 services furnished to purchasers at the automobile
29 racetrack facility.

30 c. The rebate may be obtained only in the
31 following amounts and manner and only under the
32 following conditions:

33 (1) On forms furnished by the department within
34 the time period provided by the department by rule,
35 which time period shall not be longer than quarterly.

36 (2) The owner or operator shall provide
37 information as deemed necessary by the department.

38 (3) The transactions for which sales tax was
39 collected and the rebate is sought occurred on or
40 after January 1, 2006, but before January 1, 2016.
41 However, not more than twelve million five hundred
42 thousand dollars in total rebates shall be provided
43 pursuant to this subsection.

44 (4) Notwithstanding subparagraph (3), the rebate
45 of sales tax shall cease for transactions occurring on
46 or after the date of the sale or other transfer,
47 whether voluntarily or involuntarily, of the
48 automobile racetrack facility to a party other than
49 the original owner of the facility or upon a change of
50 control of such facility.

1 (5) The automobile racetrack facility has not
2 received or shall not receive any grants under the
3 community attraction and tourism program pursuant to
4 chapter 15F, subchapter II, or the vision Iowa program
5 pursuant to chapter 15F, subchapter III.

6 d. To assist the department in determining the
7 amount of the rebate, the owner or operator shall
8 identify to the department retailers located at the
9 automobile racetrack facility who will be collecting
10 sales tax. The department shall verify such identity
11 and ensure that all proper permits have been issued.
12 For purposes of this subsection, advance ticket and
13 admissions sales shall be considered occurring at the
14 automobile racetrack facility regardless of where the
15 transactions actually occur.

16 e. Upon determining that the conditions and
17 requirements of this subsection and the department are
18 met, the department shall issue a warrant to the owner
19 or operator in the amount equal to the amount claimed
20 and verified by the department.

21 f. Only the state sales tax is subject to rebate.
22 Any local option taxes paid and collected shall not be
23 subject to rebate under this subsection.

24 g. This subsection is repealed June 30, 2016, or
25 thirty days following the date on which twelve million
26 five hundred thousand dollars in total rebates have
27 been provided, or thirty days following the date on
28 which rebates cease as provided in paragraph "c",
29 subparagraph (4), whichever is the earliest.

30 Sec. 3. PILOT PROJECT -- EVALUATION. The sales
31 tax rebate provided in this Act for the owner or
32 operator of an automobile racetrack facility is viewed
33 as a pilot project to gauge the feasibility of using
34 such an approach to assist large capital projects that
35 have the potential to increase tourism into the state.

36 The department of economic development and the
37 department of revenue shall review and evaluate the
38 pilot project established in this Act and determine
39 the benefits to the state. A report from each
40 department shall be filed with the general assembly no
41 later than January 15, 2008, and shall contain its
42 evaluation and recommendations, especially with regard
43 to the creation of a sales tax rebate program as part
44 of the state's economic development tools. However,
45 the departments may file a joint report if this would
46 prove more beneficial to the general assembly and the
47 evaluation of the pilot project."

RECEIVED FROM THE SENATE

Carroll, Ch.
Tomenga
Hvser

Succeeded By
SF 0840

HSB 290
WAYS AND MEANS

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

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2 operator of a sanctioned automobile racetrack facility.

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

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2 nationally sanctioned automobile racetrack facility in Iowa
3 would result in a substantial economic benefit to the state
4 and would offer thousands of spectators the opportunity to
5 experience and discover Iowa.

6 The general assembly further finds that the development of
7 the racetrack facility and surrounding entertainment complex
8 would enhance the economic development of the area through an
9 increase in tourism.

10 The general assembly further finds that the rebate of state
11 sales tax collected at the racetrack facility and
12 entertainment complex to assist in the development of such
13 facility and complex would further tourism and is a public
14 purpose for which state funds may be used.

15 Sec. 2. Section 423.4, Code 2005, is amended by adding the
16 following new subsection:

17 NEW SUBSECTION. 4. a. For purposes of this subsection:

18 (1) "Automobile racetrack facility" means a sanctioned
19 automobile racetrack facility located as part of a racetrack
20 and entertainment complex located in a city with a population
21 of at least fourteen thousand five hundred but not more than
22 sixteen thousand five hundred residents, which city is located
23 in a county with a population of at least thirty-five thousand
24 but not more than forty thousand residents.

25 (2) "Owner or operator" means a for-profit entity that is
26 the owner or operator of an automobile racetrack facility and
27 that is primarily a promoter of motor vehicle races.

28 (3) "Population" means the population based upon the 2000
29 certified federal census.

30 b. The owner or operator of an automobile racetrack
31 facility may apply to the department for a rebate of sales tax
32 imposed and collected by retailers upon sales of any goods,
33 wares, merchandise, or services furnished to purchasers at the
34 automobile racetrack facility.

35 c. The rebate may be obtained only in the following

1 amounts and manner and only under the following conditions:

2 (1) On forms furnished by the department within the time
3 period provided by the department by rule, which time period
4 shall not be longer than quarterly.

5 (2) The owner or operator shall provide information as
6 deemed necessary by the department.

7 (3) The transactions for which sales tax was collected and
8 the rebate is sought occurred on or after January 1, 2006, but
9 before January 1, 2016. However, not more than twelve million
10 five hundred thousand dollars in total rebates shall be
11 provided pursuant to this subsection.

12 d. To assist the department in determining the amount of
13 the rebate, the owner or operator shall identify to the
14 department retailers located at the automobile racetrack
15 facility who will be collecting sales tax. The department
16 shall verify such identity and shall establish a separate
17 automobile racetrack facility rebate account in the state
18 treasury. The department shall deposit into the rebate
19 account all sales taxes received from the identified retailers
20 located at the automobile racetrack facility. The moneys in
21 the rebate account are appropriated to the department for
22 disbursement as provided in this subsection. For purposes of
23 this subsection, advance ticket and admissions sales shall be
24 considered occurring at the automobile racetrack facility
25 regardless of where the transactions actually occur.

26 e. Upon determining that the conditions and requirements
27 of this subsection and the department are met, the department
28 shall issue a warrant to the owner or operator in the amount
29 equal to the balance in the rebate account as of the end of
30 the month preceding the month the application for a rebate was
31 received.

32 f. Only the state sales tax is subject to rebate. Any
33 local option taxes paid and collected shall not be subject to
34 rebate under this subsection.

35 g. Any moneys remaining in the rebate account upon the

1 repeal of this subsection, as provided in paragraph "h", shall
2 be transferred to the general fund of the state.

3 h. This subsection is repealed June 30, 2016, or thirty
4 days following the date on which twelve million five hundred
5 thousand dollars in total rebates have been provided,
6 whichever is the earlier.

7 EXPLANATION

8 This bill authorizes the department of revenue to rebate
9 sales tax collected by retailers on purchases made at an
10 automobile racetrack facility. To be eligible for the rebate
11 the facility must be located in a city, with a population
12 between 14,500 and 16,500, which is located in a county with a
13 population between 35,000 and 40,000. The person eligible to
14 receive the rebate is the owner or operator of the sanctioned
15 automobile racetrack facility.

16 The rebate of sales tax is only of the sales tax collected
17 on transactions occurring on or after January 1, 2006, and
18 before January 1, 2016.

19 The rebate only applies to the state sales tax collected
20 and not to any local option sales tax and is limited to a
21 total of \$12.5 million in rebates.

22 The rebate provision is repealed June 30, 2016, or when
23 \$12.5 million has been rebated, whichever occurs earlier.

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HOUSE FILE 840

AN ACT

AUTHORIZING THE REBATE OF STATE SALES TAX TO THE OWNER OR OPERATOR OF A SANCTIONED AUTOMOBILE RACETRACK FACILITY.

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

Section 1. FINDINGS. The general assembly finds that a nationally sanctioned automobile racetrack facility in Iowa would result in a substantial economic benefit to the state and would offer thousands of spectators the opportunity to experience and discover Iowa.

The general assembly further finds that the development of the racetrack facility and surrounding entertainment complex including a museum would enhance the economic development of the area through an increase in tourism.

The general assembly further finds that the rebate of state sales tax collected at the racetrack facility and entertainment complex to assist in the development of such facility and complex would further tourism and is a public purpose for which state funds may be used.

The general assembly further finds that the rebate of state sales tax to the racetrack facility should be viewed as a pilot project and considered a potential program to be used as a means to increase tourism into the state.

Sec. 2. Section 423.4, Code 2005, is amended by adding the following new subsection:

NEW SUBSECTION. 4. a. For purposes of this subsection:

(1) "Automobile racetrack facility" means a sanctioned automobile racetrack facility located as part of a racetrack and entertainment complex, including any museum attached to or included in the racetrack facility but excluding any restaurant, and which facility is located, on a maximum of two hundred thirty-two acres, in a city with a population of at least fourteen thousand five hundred but not more than sixteen thousand five hundred residents, which city is located in a county with a population of at least thirty-five thousand but not more than forty thousand residents and where the construction on the racetrack facility commenced not later than one year following the enactment of this Act and the cost of the construction upon completion was at least thirty-five million dollars.

(2) "Change of control" means any of the following:

(a) Any change in the ownership of the original or any subsequent legal entity that is the owner or operator of the automobile racetrack facility such that at least sixty percent of the equity interests in the legal entity cease to be owned by individuals who are residents of Iowa, an Iowa corporation, or combination of both.

(b) The original owners of the legal entity that is the owner or operator of the automobile racetrack facility shall collectively cease to own more than fifty percent of the voting equity interests of such legal entity or shall otherwise cease to have effective control of such legal entity.

(3) "Iowa corporation" means a corporation incorporated under the laws of Iowa where at least sixty percent of the corporation's equity interests are owned by individuals who are residents of Iowa.

(4) "Owner or operator" means a for-profit legal entity where at least sixty percent of its equity interests are owned by individuals who are residents of Iowa, an Iowa corporation,

or combination of both and that is the owner or operator of an automobile racetrack facility and is primarily a promoter of motor vehicle races.

(5) "Population" means the population based upon the 2000 certified federal census.

b. The owner or operator of an automobile racetrack facility may apply to the department for a rebate of sales tax imposed and collected by retailers upon sales of any goods, wares, merchandise, or services furnished to purchasers at the automobile racetrack facility.

c. The rebate may be obtained only in the following amounts and manner and only under the following conditions:

(1) On forms furnished by the department within the time period provided by the department by rule, which time period shall not be longer than quarterly.

(2) The owner or operator shall provide information as deemed necessary by the department.

(3) The transactions for which sales tax was collected and the rebate is sought occurred on or after January 1, 2006, but before January 1, 2016. However, not more than twelve million five hundred thousand dollars in total rebates shall be provided pursuant to this subsection.

(4) Notwithstanding subparagraph (3), the rebate of sales tax shall cease for transactions occurring on or after the date of the sale or other transfer, whether voluntarily or involuntarily, of the automobile racetrack facility to a party other than the original owner of the facility or upon a change of control of such facility.

(5) The automobile racetrack facility has not received or shall not receive any grants under the community attraction and tourism program pursuant to chapter 15F, subchapter II, or the vision Iowa program pursuant to chapter 15F, subchapter III.

d. To assist the department in determining the amount of the rebate, the owner or operator shall identify to the

department retailers located at the automobile racetrack facility who will be collecting sales tax. The department shall verify such identity and ensure that all proper permits have been issued. For purposes of this subsection, advance ticket and admissions sales shall be considered occurring at the automobile racetrack facility regardless of where the transactions actually occur.

e. Upon determining that the conditions and requirements of this subsection and the department are met, the department shall issue a warrant to the owner or operator in the amount equal to the amount claimed and verified by the department.

f. Only the state sales tax is subject to rebate. Any local option taxes paid and collected shall not be subject to rebate under this subsection.

g. This subsection is repealed June 30, 2016, or thirty days following the date on which twelve million five hundred thousand dollars in total rebates have been provided, or thirty days following the date on which rebates cease as provided in paragraph "c", subparagraph (4), whichever is the earliest.

Sec. 3. PILOT PROJECT -- EVALUATION. The sales tax rebate provided in this Act for the owner or operator of an automobile racetrack facility is viewed as a pilot project to gauge the feasibility of using such an approach to assist large capital projects that have the potential to increase tourism into the state.

The department of economic development and the department of revenue shall review and evaluate the pilot project established in this Act and determine the benefits to the state. A report from each department shall be filed with the general assembly no later than January 15, 2008, and shall contain its evaluation and recommendations, especially with regard to the creation of a sales tax rebate program as part of the state's economic development tools. However, the departments may file a joint report if this would prove more

beneficial to the general assembly and the evaluation of the pilot project.

CHRISTOPHER C. RANTS
Speaker of the House

JOHN P. KIBBIE
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 840, Eighty-first General Assembly.

MARGARET THOMSON
Chief Clerk of the House

Approved 5/4, 2005

THOMAS J. VILSACK
Governor