

MAR 7 2006  
WAYS AND MEANS

HOUSE FILE 2670  
BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO HF 2004)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act concerning community foundations and economic development  
2 relating to the endow Iowa tax credit, the allocation of  
3 gambling tax revenues, making an appropriation, and providing  
4 an effective date.

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

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HF 2670

1 Section 1. Section 15E.305, subsection 2, unnumbered  
2 paragraph 1, Code Supplement 2005, is amended to read as  
3 follows:

4 The aggregate amount of tax credits authorized pursuant to  
5 this section shall not exceed a total of two million dollars  
6 plus such additional credit amount as provided by this section  
7 annually. The maximum amount of tax credits granted to a  
8 taxpayer shall not exceed five percent of the aggregate amount  
9 of tax credits authorized.

10 Sec. 2. Section 15E.305, subsection 2, Code Supplement  
11 2005, is amended by adding the following new unnumbered  
12 paragraph:

13 NEW UNNUMBERED PARAGRAPH. For purposes of this subsection,  
14 the additional credit amount shall be an amount for each  
15 applicable calendar year determined by the department of  
16 revenue equal to the amount of money credited as provided by  
17 section 99F.11, subsection 3, paragraph "d", subparagraph (3),  
18 for the prior fiscal year.

19 Sec. 3. Section 15E.305, subsection 4, Code Supplement  
20 2005, is amended by striking the subsection.

21 Sec. 4. Section 99F.11, subsection 3, paragraph d, Code  
22 2005, is amended to read as follows:

23 d. ~~One-half-of-one~~ One percent of the adjusted gross  
24 receipts shall be ~~deposited~~ allocated as follows:

25 (1) Eight-tenths of one percent shall be deposited in the  
26 county endowment fund created in section 15E.311.

27 (2) One-tenth of one percent is appropriated to the  
28 department of economic development for purposes of marketing  
29 and tourism.

30 (3) One-tenth of one percent shall be credited to the  
31 general fund of the state for the purpose of funding the endow  
32 Iowa tax credit provided in section 15E.305.

33 Sec. 5. 2003 Iowa Acts, 1st Extraordinary Session, chapter  
34 2, section 93, is amended to read as follows:

35 SEC. 93. The divisions of this Act designated economic

1 development appropriations, workforce-related issues, loan and  
2 credit guarantee fund, university-based research utilization  
3 program appropriation, ~~endow-Iowa-tax-credit~~, and  
4 rehabilitation project tax credits are repealed effective June  
5 30, 2010.

6 Sec. 6. EFFECTIVE DATE. This Act takes effect July 1,  
7 2007.

8 EXPLANATION

9 This bill concerns the endow Iowa tax credit and the  
10 distribution of gambling tax revenues collected from excursion  
11 gambling boats and racetracks.

12 Code section 15E.305, concerning the endow Iowa tax credit,  
13 is amended. The bill increases the aggregate amount of tax  
14 credits authorized in a calendar year by an amount equal to  
15 the amount generated for this purpose from a distribution of  
16 gambling tax revenues generated in the prior fiscal year. The  
17 bill eliminates the provision ending this tax credit after  
18 December 31, 2008. The bill also eliminates the repeal of the  
19 Code provisions concerning the endow Iowa tax credit that  
20 would have occurred on June 30, 2010.

21 Code section 99F.11, subsection 3, concerning the  
22 distribution of gambling tax revenues from gambling games at  
23 excursion gambling boats and racetracks, is amended. Current  
24 law provides that one-half of 1 percent of tax revenues shall  
25 be deposited in the county endowment fund. The bill increases  
26 this percentage to eight-tenths of 1 percent. The bill also  
27 provides that one-tenth of 1 percent of tax revenues is  
28 appropriated to the department of economic development for  
29 marketing and tourism. The bill also provides that one-tenth  
30 of 1 percent of tax revenues shall be credited to the general  
31 fund of the state for the purposes of funding the endow Iowa  
32 tax credit.

33 The bill takes effect July 1, 2007.

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**Fiscal Services Division**  
**Legislative Services Agency**  
**Fiscal Note**

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HF 2670 - Increase Gaming Tax (LSB 5566 HV)  
Analyst: Douglas Wulf (Phone: [515] 281-3250) ([douglas.wulf@legis.state.ia.us](mailto:douglas.wulf@legis.state.ia.us))  
Fiscal Note Version - New

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**Description**

House File 2670 increases the percentage of adjusted gross receipts (AGR) from racetracks and excursion boat casinos that goes to the County Endowment Fund to 0.8%. The Bill also creates a standing appropriation of 0.1% of the AGR to the Department of Economic Development (DED) for purposes of marketing and tourism and provides that 0.1% of the AGR annually goes to the General Fund to fund the Endow Iowa Tax Credit. Additionally, the Bill eliminates the June 30, 2010, repeal of the Endow Iowa Tax Credit.

**Background**

During the 2004 Legislative Session, HF 2302 (Gambling Act) increased the amount of AGR from 0.2% to 0.5% for the Gambler's Treatment Fund, created the County Endowment Fund, and provided that the Fund receives 0.5% of the AGR. Funds received by the County Endowment Fund are to be used by counties not having a licensed casino, to provide grants for charitable purposes.

**Assumptions**

Based on the most recent meeting of the Revenue Estimating Conference (REC), current law will generate \$5.7 million in FY 2006 and \$6.3 million in FY 2007 for deposit in the County Endowment Fund. A portion of the increase in FY 2007 is due to the four newly-licensed excursion boat casinos becoming operational.

**Fiscal Impact**

The Bill will result in an estimated additional \$3.4 million deposited in County Endowment Fund, \$1.1 million appropriated to the DED for tourism and marketing, and \$1.1 million credited to the General Fund to fund the Endow Iowa Tax Credit in FY 2006. For FY 2007, the County Endowment Fund will receive an additional \$3.8 million, and the DED and General Fund will each receive \$1.3 million.

This will result in an estimated decrease of funds deposited in the Rebuild Iowa Infrastructure Fund of \$5.7 million in FY 2006 and \$6.3 million in FY 2007.

**Source**

REC working papers

/s/ Holly M. Lyons

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March 7, 2006

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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.

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**Fiscal Services Division**  
**Legislative Services Agency**  
**Fiscal Note**

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HF 2670 - Increase Gaming Tax (LSB 5566 HV.1)  
Analyst: Douglas Wulf (Phone: [515] 281-3250) ([douglas.wulf@legis.state.ia.us](mailto:douglas.wulf@legis.state.ia.us))  
Fiscal Note Version - Revised

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**Description**

House File 2670 increases the percentage of adjusted gross receipts (AGR) from racetracks and excursion boat casinos that goes to the County Endowment Fund to 0.8%. The Bill also creates a standing appropriation of 0.1% of the AGR to the Department of Economic Development (DED) for purposes of marketing and tourism and provides that 0.1% of the AGR annually goes to the General Fund to fund the Endow Iowa Tax Credit. Additionally, the Bill eliminates the June 30, 2010, repeal of the Endow Iowa Tax Credit. The Bill takes effect on July 1, 2007.

**Background**

During the 2004 Legislative Session, HF 2302 (Gambling Act) increased the amount of AGR from 0.2% to 0.5% for the Gambler's Treatment Fund, created the County Endowment Fund, and provided that the Fund receives 0.5% of the AGR. Funds received by the County Endowment Fund are to be used by counties not having a licensed casino, to provide grants for charitable purposes.

**Assumptions**

Based on the most recent meeting of the Revenue Estimating Conference (REC) current law will generate \$6.3 million in FY 2007 for deposit in the County Endowment Fund. That estimate includes the four new excursion gambling boats being fully operational. This estimate assumes no increase in gambling revenues for FY 2008.

**Fiscal Impact**

The Bill will result in an estimated additional \$3.8 million deposited in County Endowment Fund, \$1.3 million appropriated to the DED for tourism and marketing, and \$1.3 million credited to the General Fund to fund the Endow Iowa Tax Credit in FY 2008. The Bill will also reduce funds to the Rebuild Iowa Infrastructure Fund by \$6.3 million.

**Source**

REC working papers

/s/ Holly M. Lyons

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March 20, 2006

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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.

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