

MAR 30 2006
APPROPRIATIONS

HOUSE FILE 2784
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 2670)

(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, the distribution of county endowment
4 moneys, making an appropriation, and providing an effective
5 date.

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

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HF 2784

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 15E.311, subsection 3, paragraph a, Code
22 Supplement 2005, is amended to read as follows:

23 a. At the end of each fiscal year, moneys in the fund
24 shall be transferred into separate accounts within the fund
25 and designated for use by each county in which no licensee
26 authorized to conduct gambling games under chapter 99F was
27 located during that fiscal year. Moneys transferred to county
28 accounts shall be divided equally among the counties. Moneys
29 transferred into an account for a county shall be transferred
30 by the department to an eligible county recipient for that
31 county. Of the moneys transferred, an eligible county
32 recipient shall distribute seventy-five percent of the moneys
33 as grants to charitable organizations for charitable purposes
34 in that county and shall retain twenty-five percent of the
35 moneys for use in establishing a permanent endowment fund for

1 the benefit of charitable organizations for charitable
2 purposes. Of the amounts distributed, eligible county
3 recipients shall give special consideration to grants for
4 projects that include significant vertical infrastructure
5 components designed to enhance quality of life aspects within
6 local communities.

7 Sec. 5. Section 99F.11, subsection 3, paragraph d, Code
8 2005, is amended to read as follows:

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

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

13 (2) One-tenth of one percent, less up to two hundred sixty
14 thousand dollars, is appropriated to the community development
15 division of the department of economic development for the
16 purposes of regional tourism marketing. However, none of the
17 moneys appropriated shall be used for administrative purposes.

18 (3) One-tenth of one percent, less up to two hundred sixty
19 thousand dollars, shall be credited to the general fund of the
20 state for the purpose of funding the endow Iowa tax credit
21 provided in section 15E.305.

22 (4) Up to five hundred twenty thousand dollars is
23 appropriated to the department of cultural affairs with one-
24 half of the moneys allocated for operational support grants
25 and the remaining one-half allocated for the community
26 cultural grants program established under section 303.3.

27 Sec. 6. 2003 Iowa Acts, 1st Extraordinary Session, chapter
28 2, section 93, is amended to read as follows:

29 SEC. 93. The divisions of this Act designated economic
30 development appropriations, workforce-related issues, loan and
31 credit guarantee fund, university-based research utilization
32 program appropriation, ~~endow-Iowa-tax-credit~~, and
33 rehabilitation project tax credits are repealed effective June
34 30, 2010.

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

1 2007.

2 EXPLANATION

3 This bill concerns the endow Iowa tax credit and the
4 distribution of gambling tax revenues collected from excursion
5 gambling boats and racetracks.

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

15 Code section 15E.311 is amended to provide that eligible
16 county recipients receiving money from the county endowment
17 fund shall consider grants for projects that include vertical
18 infrastructure components designed to enhance the quality of
19 life within local communities.

20 Code section 99F.11, subsection 3, concerning the
21 distribution of gambling tax revenues from gambling games at
22 excursion gambling boats and racetracks, is amended. Current
23 law provides that one-half of 1 percent of tax revenues shall
24 be deposited in the county endowment fund. The bill increases
25 this percentage to eight-tenths of 1 percent. The bill also
26 provides that two-tenths of 1 percent of tax revenues is
27 allocated as follows, with up to \$520,000 appropriated to the
28 department of cultural affairs and split equally between
29 operational support grants and the community cultural grants
30 program. Of the remaining moneys derived from the two-tenths
31 of 1 percent, one-half is appropriated to the community
32 development division of the department of economic development
33 for regional tourism marketing and one-half shall be credited
34 to the general fund of the state for the purposes of funding
35 the endow Iowa tax credit.

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The bill takes effect July 1, 2007.

Fiscal Services Division
Legislative Services Agency
Fiscal Note

HF 2784 - Increase Gaming Tax (LSB 5566 HZ)
Analyst: Douglas Wulf (Phone: [515] 281-3250) (douglas.wulf@legis.state.ia.us)
Fiscal Note Version - New

Description

House File 2784 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% less \$260,000 of the AGR to the Community Development Division of the Department of Economic Development (DED) for purposes of marketing and tourism and provides that 0.1% less \$260,000 of the AGR annually goes to the General Fund to fund the Endow Iowa Tax Credit. The Bill appropriates \$520,000 annually to the Department of Cultural Affairs with one-half to be used for operational support grants and one half for the Community Cultural Grants Program. 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, \$1.0 million appropriated to the DED for regional tourism marketing, \$1.0 million credited to the General Fund to fund the Endow Iowa Tax Credit, and \$520,000 is appropriated to the Department of Cultural Affairs for operational support grants and the Community Cultural Grants Program in FY 2008. The Bill will also reduce funds to the Rebuild Iowa Infrastructure Fund by \$6.3 million in FY 2008.

Source

REC working papers

/s/ Holly M. Lyons

April 3, 2006

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.
