



BILL & AMENDMENT SUMMARY

Greyhound Racing HF 2469/SF 2362

Status of Bill: First House Passage (passed Senate 46-2)
Committee: State Government (HF 2406 passed State Govt 15-8; HF 2469 passed W&M's 23-1)
Lead Democrats: Reps. Prichard and Lensing
Floor Manager: Rep. Vander Linden
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Background

SF 2362 has been agreed to by Council Bluffs, Dubuque, and the Iowa Greyhound Association. SF 2362 passed the Senate by a vote of 46-2 on April 25, 2014. The House will amend HF 2469 to conform to SF 2362; then SF 2362 will be substituted and your vote will be on the Senate file.

Highlights of SF 2362:

- The bill allows Council Bluffs and Dubuque to discontinue live greyhound racing.
- In order to get out of live racing, Council Bluffs casino will pay \$65 million and Dubuque casino \$7 million over seven years. Half the money will go into a retirement fund to provide the greyhound industry a soft landing from the reduction of live dog races in Iowa, and the other half will go to the Iowa Greyhound Association to conduct live racing at the Dubuque racetrack under specific requirements laid out in the bill, and upon approval by the Iowa Racing and Gaming Commission (IRGC) to get licensed.
- Council Bluffs will remain a "racetrack" license under 99D (pay 24% tax) and will be allowed to continue to simulcast horse or dog races even when they stop conducting live races. They have to conduct live greyhound races for two more years (2014 and 2015). Starting January 1, 2016, they no longer have to conduct live greyhound races.
- Dubuque will have their license changed to a "boat/casino only" license under 99F (continue to pay 22% tax). They have to conduct live greyhound racing through Oct. 31 of this year. They will no longer be able to simulcast horse or dog races unless under an agreement with the Iowa Greyhound Association.
- The Iowa Greyhound Association is allowed to go before the IRGC and get licensed under 99D to conduct simulcasting of horse or dog races. If they obtain the license, they are allowed to enter into a lease agreement with the Dubuque racetrack to conduct live races at their racetrack. The initial agreement is for five years at an annual lease payment of \$1. They are allowed a one five-year renewal agreement at a fair market rental rate. Current employees at the racetrack must be offered employment at the racetrack and existing collective bargaining agreements concerning employees must be honored. The bill also allows the Iowa Greyhound Association to enter agreements with other casinos to conduct simulcast horse or dog races at their facilities.

Background: Gambling in Iowa, with the exception of bingo and raffles, began in 1983 with passage of the pari-mutuel wagering law that allowed horse and dog racetracks in Iowa. The Iowa Lottery was established in 1985, excursion "riverboat" gambling was authorized in 1989, and slot machines were authorized at the pari-mutuel racetracks in 1994.

Currently, Iowa has two greyhound racing tracks, one in Council Bluffs (operations began on February 27, 1986) and one in Dubuque (operations began June, 1985). At this time, city councils, chambers of commerce, econom-

ic development officials, and license holders have agreed with the casinos to ask the Legislature to close dog racing in Iowa. The Iowa Greyhound Association is opposed to shutting down dog racing.

Iowa is one of seven states that currently race dogs. The seven states that still have legal and operational greyhound racing are Alabama, Arizona, Arkansas, Florida, Iowa, Texas, and West Virginia. At least 11 states and the territories of Puerto Rico and Guam specifically prohibit dog or greyhound racing in their statute (New Hampshire bans live dog racing, but allows simulcast wagering on dog races in their state). Thirteen states have closed 29 greyhound racetracks across the United States since 1991.

Iowa's greyhound racing is regulated by the Iowa Racing and Gaming Commission (IRGC) and under Iowa Code Chapters 99D and 99F. Iowa law says the commission must authorize the licensees of pari-mutuel dog racetracks located in Dubuque County to conduct gambling games if the licensees schedule at least 130 performances of 12 live races each day during a season of 25 weeks. For Pottawattamie County, the commission must authorize the licensee to conduct gambling games if the licensee schedules at least 290 performances of 12 live races each day during a season of 50 weeks. The commission must approve an annual contract to be negotiated between the annual recipient of the dog racing promotion fund and each dog racetrack licensee to specify the percentage or amount of gambling game proceeds which will be dedicated to supplement the purses of live dog races. The law says all parties to negotiations, including the commission, must consider that dog racetracks were built to facilitate the development and promotion of Iowa greyhound racing dogs in Iowa and must negotiate and decide accordingly.

Current racing dates found on the Iowa Racing and Gaming website (<http://www.iowa.gov/irgc/>):

BLUFFS RUN GREYHOUND PARK Live Greyhound Racing Dates: January 1, 2013, through December 31, 2013 Total Performances: 302 6 performances per week-15 races per performance No racing on Mondays	DUBUQUE GREYHOUND PARK Live Greyhound Racing Dates: April 26, 2014, through October 26, 2014 Total Performances: 161 6 performances per week-15 races on mat-inees/14 races on all evenings No racing on Mondays
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Supporters of closing live greyhound racing in Iowa told committee members that this is a dead industry. In Council Bluffs, they say their clubhouse can seat 2,750 people and on average only 30 attend races. They are required to race all year; doesn't matter if there is rain, snow, sleet, or 100 degree weather. They say the dog's race and no one is there. In addition, the live handle in Iowa has decreased by 97%, to \$5.9 million in 2013. In comparison, in 1988, the Iowa live handle was \$221.4 million. Another concern is the dramatic decrease for charitable organization distributions as opposed to the supplemental purse money going to kennel and dog owners. Both Dubuque and Council Bluffs told committee members that no employee would be laid off with the closing of the racetracks. A memorandum of agreement has been signed between the Mystique Casino in Dubuque and the Machinist Union. They also mentioned that under this bill, Iowa would be the only state in the country that sets up a retirement fund to help any persons involved in greyhound racing in Iowa after the closing of live dog races.

Opponents, including the Iowa Greyhound Association, reminded legislators that when pari-mutuel gambling was introduced back in 1983 it was a way to help rural Iowa grow. The dogs are beautiful athletes made to run. Riverboat gambling and slot machines killed dog racing in the early 1990's. In the mid-1990's, the industry said help us. At that time, the Iowa Legislature promised they would help keep the industry alive. The casinos subsidize the racetracks and negotiate with dog owners on the purse supplements. They note that there are 60 dog farms in Iowa and 30 kennels running approximately 1,900 dogs. They also oppose the bill being effective upon enactment. There is no way that all those dogs can get adopted. They want time from the general assembly. They have invested millions of dollars in these racetracks. This is an issue that affects real people.

Summary of HF 2469

The bill is a “shell” bill and only includes intent language that says the General Assembly will adopt greyhound racing language.

H-8320 by Vander Linden. The amendment conforms the bill to SF 2362 for substitution purposes.

Summary of SF 2362

Racetrack Enclosure. Adds to the definition – also means real property by a licensee under Chapter 99D who is not required to conduct live racing, where pari-mutuel wagering on simulcasting horse or dog races may be conducted and lawful gambling is authorized and licensed under 99D and 99F. This will allow Council Bluffs to continue to do simulcast racing without conducting live racing. Current law says the only way you can simulcast is if you also conduct live races (currently simulcasting is only done in Council Bluffs, Dubuque, and Prairie Meadows).

Discontinuance of Live Greyhound Racing – Cessation Fees

1. Written notification to discontinue live greyhound racing is required to the Iowa Racing and Gaming Commission (IRGC) by Sept. 1, 2014.
 - **Dubuque:** Their “live racing cessation date” is Oct. 31, 2014. Beginning Nov. 1, 2014, a licensee authorized to operate a pari-mutuel dog racetrack and to conduct gambling in Dubuque, may, upon agreement to comply with requirements, discontinue live dog racetrack and maintain a license for pari-mutuel wagering on simultaneously telecast horse races and for conducting gambling.
 - **Council Bluffs.** Their “live racing cessation date” is Dec. 31, 2015. The facility in Pottawattamie county may discontinue live racing beginning Jan. 1, 2016.
2. If a licensee discontinues live dog racing, all of the following is required:
 - The IRGC is required to determine what portion of the unexpended money in the current Dog Racing Promotion Fund is attributable to the licensee as of their live racing cessation date and must transfer those funds to the Iowa Greyhound Pari-Mutuel Racing Fund, which is created in this bill.
 - Any agreement approved by the commission for dog purse supplement payments for live racing that was discontinued by the licensee will be terminated.
 - For **Council Bluffs**, within 30 days of their live racing cessation date, the kennel owners and operators and all greyhound owners must, at their expense, remove all their property including the greyhounds from the racetrack. These costs may be paid from the Iowa Greyhound Pari-Mutuel Racing Fund.
3. **Cessation Fees.** The live racing cessation fee is paid to the Commission for deposit in the Iowa Greyhound Pari-Mutuel Racing Fund. Failure to pay the fee will result in revocation of their license. The fee is determined as follows:
 - **Dubuque:** the payment of \$1 million by Jan. 1, 2015, and \$1 million each Jan. 1 for six consecutive calendar years (total \$7 million).
 - **Council Bluffs:** the payment of \$9,285,800 by Jan. 1, 2016, and \$9,285,700 each Jan. 1 for six consecutive calendar years (total \$65 million). Clarifies that these payments will be made by the manager of the racetrack.
 - If the casinos ownership (Pott. Co. & Dubuque Co.) or management (Pott. Co.) changes, the entire fee owed must be paid before a new license is granted.
4. The licensee in **Dubuque County** will be considered to have a license under 99F (Gambling Boat/Casino only). They will continue to pay the 22% tax. Dubuque will also be allowed to simulcast horse or dog races until December 31, 2014.
5. The licensee in **Council Bluffs** will remain licensed as a pari-mutuel dog racetrack licensed to operate gambling games under 99D (taxed at 24%) and must comply with the requirements applicable to a dog racetrack licensee except for those requirements applicable to live racing. Nothing in this bill requires

Council Bluffs to simulcast horse or dog races to remain licensed.

6. Compliance with these requirements will constitute full satisfaction of any and all liability. This applies to the facilities in Council Bluffs, Dubuque, and the Iowa Greyhound Association.

Iowa Greyhound Pari-Mutuel Racing Fund

The bill creates an Iowa Greyhound Pari-Mutuel Racing Fund under the control of the IRGC. Moneys in the fund come from remaining moneys in the current Dog Racing Promotion Fund and from the cessation fees.

The Commission is required to distribute the money in the fund pursuant to adopted rules. The bill says the money is distributed as follows:

- 50% of the moneys in the fund must first be distributed to the Iowa Greyhound Association to be deposited in an escrow account established by them for live racing, if a license is obtained from the IRGC by Dec. 15, 2014.
- The IRGC has sole control of distributing the remaining money. The Commission is required to distribute a portion of the moneys to no-kill animal adoption agencies to facilitate care for and adoption of greyhounds no longer racing as a result of the discontinuance of live racing. The Commission may consider objective evidence, including purse payments to greyhound industry participants for the period beginning Jan. 1, 2010, through Dec. 31, 2014, in determining the method of distribution. The Commission may hire an expert to assist in determining the distribution. The Commission may distribute moneys from the fund to greyhound industry participants and to kennel owners and operators and greyhound owners for costs incurred in removing property from the dog racetrack in Council Bluffs. Prior to adoption of any formula for distribution, the Commission must allow for input from the greyhound industry participants. Distribution decisions of the Commission are final. The Commission may use moneys in the fund to pay its direct and indirect administrative expenses, including hiring of experts. Members of the Commission, their employees, and any experts hired by the Commission will be held harmless against any claim of liability made by any person arising out of the distribution of moneys from the fund. The fund does not revert and interest earned remains in the fund.

Alternative Dog Racetrack and Simulcasting Licensure – Lease Agreement with Dubuque

1. The Iowa Greyhound Association may submit an application to the IRGC for a license under 99D to conduct pari-mutuel wagering on live dog races or to simulcast horse or dog races. The Iowa Greyhound Association is required to comply with all other requirements for a gaming license.
 - If an application is submitted to the Commission by Oct. 1, 2014, the Commission must determine whether to approve the application for a license by Dec. 1, 2014.
 - If the Commission approves the application submitted by the Iowa Greyhound Association, the terms and conditions of the license must, notwithstanding any provision of law to the contrary, authorize them to conduct pari-mutuel wagering on live dog races or to simulcast horse or dog races conducted at a racetrack enclosure located in Dubuque County subject to the requirements of a lease agreement. The terms and conditions will also authorize them to conduct pari-mutuel wagering on simulcast horse or dog races at the facility of a licensee authorized to conduct gambling games under 99F, pursuant to an agreement with the licensee of that facility. A licensee issued a license shall comply with all requirements of chapter 99D.
2. The Iowa Greyhound Association is required to establish an escrow fund under its control for the deposit of moneys transferred to them. They are required to use the moneys to pay all reasonable and necessary costs associated with conducting live dog racing and pari-mutuel wagering on simulcast horse or dog races. This includes, but not limited to, regulatory and administrative fees, capital improvements, purse supplements, operational costs, obligations pursuant to any purse supplement agreement as amended and approved by the Commission, payments of rents for leased facilities, cost of maintenance of leased facilities, payment for products and services provided by the licensee authorized to conduct gambling games in Dubuque County, costs to maintain the license, costs for posting a bond, and administrative costs and fees incurred in connection with the pursuit of the continuation of live greyhound racing. However, if the Iowa Greyhound Association is not licensed to conduct pari-mutuel wagering on live

- racers or simulcast horse or dog races, or fails to conduct live dog racing during any calendar year beginning on or after Jan. 1, 2015, the Iowa Greyhound Association is required to transfer any unused moneys in the escrow fund to the Commission, for deposit into the Iowa Greyhound Pari-Mutuel Racing Fund and will receive no further distribution from the fund. The Commission must require an annual audit.
3. If a license is issued, the Iowa Greyhound Association is authorized to enter into an agreement with any licensee authorized to operate an excursion gambling boat or gambling structure under Chapter 99F to conduct pari-mutuel wagering on simulcast horse or dog races at their facility, without the current requirement to conduct live horse or dog races at the facility.
 - If a lease agreement entered into with the City of Dubuque is terminated, or not renewed or extended, the Dubuque casino is authorized to enter into an agreement with the Iowa Greyhound Association to conduct pari-mutuel wagering on simulcast horse or dog races at their facility.
 - If the Iowa Greyhound Association is licensed by the IRGC and ceases to conduct live dog racing, all revenue generated from an agreement to simulcast horse or dog races must be used solely for the purpose of supplementing Iowa-whelped dogs racing at out-of-state facilities.
 4. Upon written request by the Iowa Greyhound Association to the City of Dubuque by July 8, 2014, the city of Dubuque is authorized to enter into an initial five-year lease agreement with a single option to renew the lease for an additional five years with the Iowa Greyhound Association beginning Jan. 1, 2015, to permit the Iowa Greyhound Association to conduct pari-mutuel wagering on live dog races and simulcast horse or dog races at the dog racetrack located in Dubuque County. The lease agreement is contingent upon the Iowa Greyhound Association obtaining a license from the IRGC. The lease agreement must provide:
 - An annual lease payment of \$1 during the initial five-year lease for the racetrack enclosure, which includes the racetrack, kennels, grandstand, and space for a new simulcast facility, and one five-year renewal of the lease agreement at a fair market rental rate.
 - Employees at the racetrack enclosure involved in pari-mutuel wagering as of the live racing cessation date (Oct. 31, 2014) be offered employment by the Iowa Greyhound Association at the racetrack.
 - Existing collective bargaining agreements concerning employees at the racetrack must be honored.
 - Live dog racing requirements. The requirements must provide that the Iowa Greyhound Association conduct, for calendar year 2015, no fewer than 60 live racing days with nine live races per day during each racing season, and for calendar year 2016 and subsequent calendar years covered by the lease agreement, no fewer than 95 live race days with nine live races per day during each racing season. However, upon mutual agreement by parties, subject to approval by the Commission, the number of race days for one or more live racing seasons may be reduced so long as the Iowa Greyhound Association conducts a minimum number of live races and racing days during that season.
 - Termination provisions, to include termination of the agreement on Jan. 1 of the year following the calendar year in which live dog racing as required by the agreement was not conducted by the Iowa Greyhound Association.
 - Terms concerning contracts entered into for the conduct of pari-mutuel wagering at the racetrack prior to the live racing cessation date (Oct. 31, 2014).
 - Any other related items concerning the conduct of pari-mutuel wagering at the dog racetrack and the operation of the dog racetrack facility.
 5. If the parties are unable to reach agreement on any of the terms of the initial lease agreement by Oct. 1, 2014, or to reach agreement on the fair market rental rate for purposes of the one five-year lease renewal by June 30, 2018, if the Iowa Greyhound Association requests arbitration concerning the renewal by June 18, 2018, the disputed terms of the lease will be determined by binding arbitration in accordance with the rules of the American Arbitration Association as of the date for arbitration. The parties will each select one arbitrator and the two arbitrators will choose a third to complete the three-person arbitration panel. Final offers are required to be delivered within 14 days after the request for arbitration. The parties may continue to negotiate all offers until an agreement is reached or a decision is rendered by the arbitrators. For purposes of determining the fair market rental rate for purposes of the

one five-year lease renewal, either party may argue, and present arguments and evidence that the renewal lease rental rate should be based upon the market value of similarly situated undeveloped land, or upon its use as a greyhound track. Submission of the disputed items to the arbitrators is limited to those items which the parties have not reached agreement. However, the arbitrators have no authority to extend the term of the lease agreement beyond the initial five-year term or the one five-year renewal.

6. Arbitrators are required to render a decision within 15 days after the hearing, which is final and binding on the parties, and any decision of the arbitrators may be entered in any court having jurisdiction. This final lease agreement shall not be subject to the approval of the City of Dubuque, the Iowa Greyhound Association, the Commission, or any other government body. Each party will pay its own expenses of the arbitration. The parties will equally share the filing and other administrative fees of the American Arbitration Association and the expenses of the arbitrators.

Bond of Licensee

If the Iowa Greyhound Association is issued a license from the IRGC, it would be required to post a bond like other licensees. The requirements are set by the Commission.

Racetrack Enclosure under 99F

Updates the definition of racetrack enclosure under 99F to also mean all real property utilized by a licensee under Chapter 99D who is not required to conduct live racing, where pari-mutuel wagering on simulcast horse or dog races may be conducted and lawful gambling is authorized and licensed under 99F.

Dubuque Facility – Licensed under 99F

1. Upon application, the Commission is required to issue a license to the licensee of the pari-mutuel dog racetrack located in Dubuque County as of the effective date of this bill (which is upon enactment) to conduct gambling games. The licensee is not required to pay any additional fees or be assessed any additional costs for issuance of the license and is exempt from further investigation and examination for a license to conduct gambling games under Chapter 99F (for the initial issuance of a license.)
2. To maintain this license under Chapter 99F after July 1, 2014, the licensee is required to provide written notification to the Commission by Sept. 1, 2014, pay the live racing cessation fee, and comply with any other requirements. The licensee must also pay the annual license fee and other regulatory fees, the same as other licensees under 99F.
3. These provisions are effective upon enactment.

Transition Provisions - Purse Supplements

The current purse supplement agreements for the facility in Council Bluffs will apply through Dec. 31, 2015.