
1992
ANNUAL REPORT OF THE



IOWA RACING AND GAMING COMMISSION

INTRODUCTION

IOWA RACING AND GAMING COMMISSION

Lucas State Office Building

Des Moines, Iowa 50319

The Honorable Terry E. Branstad

Governor of the State of Iowa

State House

Des Moines, Iowa 50319

Dear Governor Branstad:

In compliance with Chapters 99D and 99F, Iowa Code, the Iowa Racing and Gaming Commission submits herewith its Annual Report, covering the period of January 1, 1992, through December 31, 1992.

Respectfully yours,



MICK LURA
Administrator

IOWA RACING AND GAMING COMMISSION

Lorraine J. May, Chair
Rita Sealock, Member
Richard Canella, Member

Leo Monaghan, Vice-Chair
David Blair, Member
Mick R. Lura, Administrator

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LETTER TO THE GOVERNOR

December 31, 1992

The Honorable Terry E. Branstad
Governor of Iowa
Capitol
Local

Dear Governor Branstad:

In 1992 racing and gaming in Iowa proved to be an industry in transition. Pari-mutuel tracks suffered declines while excursion boats posted significant numbers in their first full year of operation. Casinos were opened on Indian reservations and were enormously successful.

Dubuque Greyhound Park and Waterloo Greyhound Park struggled through seasons which saw their total mutuel handle decline in excess of 25%. Bluffs Run was down 13% but was buoyed by simulcasting revenues primarily from Prairie Meadows. Prairie Meadows remained in Chapter 11 bankruptcy and conducted no live racing. Live racing will resume in May, 1993. Prairie Meadows generated over 38 million dollars in mutuel handle from wagering on simulcast races received from Bluffs Run and several out-of-state horse tracks.

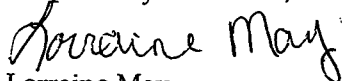
The first full season for the excursion boats saw their gross revenue reach over 86 million dollars and generate state and local taxes in excess of 15 million dollars. The year began with six riverboats operating. The Diamond Lady and The Emerald Lady, citing competition with and/or opportunities in states with no limit gambling, left the state. Conversely the Sioux City Sue is expected to open in early 1993 and become the first excursion boat on the Missouri River.

Indian casinos opened on the Omaha reservation near Onawa and the Winnebago reservation near Sloan. The Sac and Fox tribe will open a third casino near Tama on January 1, 1993. As you know the Commission is charged with monitoring the compacts the tribes have entered into with the State of Iowa. The tribes have complied with all the requests made by the Commission to conform with the provisions in the compact.

Looking ahead to 1993, the Commission expects that maturing tribal casinos will provide stiff competition for pari-mutuel tracks and riverboats. These land based casinos are open 24 hours, have no size restrictions, no excursion requirement, and access to large populations in the Omaha-Council Bluffs metropolitan area and in East Central Iowa.

Special recognition should go to the Iowa State University School of Veterinarian Medicine Diagnostic Laboratory. The lab has been selected as the research and reference laboratory for the Racing Commissioners International Quality Assurance Program. In effect, this recognizes ISU as the premier racing chemistry laboratory in North America. This achievement is unparalleled in the racing industry. In 1986 ISU entered into its first contract for testing body fluid samples from racing animals with the Iowa Racing and Gaming Commission. In six short years, they are now recognized world wide in racing chemistry.

Respectfully submitted,



Lorraine May
Chair

COMMISSION STAFF

Des Moines

Mick Lura
Lorenzo Creighton
Chuck Patton
Linda Vanderloo
Karyl Jones
Jeannie Ramirez
Shirley Stokes
David Butts
William Thompson

Administrator
Deputy Administrator
Director of Riverboat
Director of Administration
Administrative Assistant II
Administrative Assistant I
Administrative Assistant I
Gaming Official/Indian Compacts
Computer Programmer

Bluffs Run

Richard Woodsmall
Virginia Fuller
Lori Schultz
Lynne Rogers
Chris Moats
Prickett Veterinary Clinic

Steward
Steward
Pari-Mutuel Clerk
Pari-Mutuel Clerk
Pari-Mutuel Clerk
Contract Veterinarian

Dubuque Greyhound Park

Rhonda Dunbar
Charles Spielman
Cathy Dillon
Kathy Howard
Denise Kafar
David Pence, DVM

Steward
Steward
Pari-Mutuel Clerk
Pari-Mutuel Clerk
Pari-Mutuel Clerk
Contract Veterinarian

Waterloo Greyhound Park

James Anderson
Scott Franke
Rachell Sturch
Deb Aalfs
Lisa Hamilton
Kelly Gochenour, DVM

Steward
Steward
Pari-Mutuel Clerk
Pari-Mutuel Clerk
Pari-Mutuel Clerk
Contract Veterinarian

Prairie Meadows

Lou Baranello
Terry Allen
Karla Wilson
Shirley McClelland

Steward
Steward
Pari-Mutuel Clerk
Pari-Mutuel Clerk

Riverboat Staff:

Terrence Hirsch
Thomas Peters
Romona Moody
Betty Clark
Debbie Douglas
Amy Keese
Cheryl Vetsch
Deanna Riley
Paula Lee
Pamela Oliver
Conny Dahl
Jim Rossiter

Gaming Official
Gaming Official
Gaming Official
Pari-Mutuel Clerk
Pari-Mutuel Clerk
Pari-Mutuel Clerk
Pari-Mutuel Clerk
Pari-Mutuel Clerk
Pari-Mutuel Clerk
Pari-Mutuel Clerk
Pari-Mutuel Clerk
Pari-Mutuel Clerk
Pari-Mutuel Clerk

Dubuque
Davenport
Clinton
Dav/Clinton
Dav/Clinton
Dav/Clinton
Dubuque
Ft. Madison
Ft. Madison
Sioux City
Sioux City
Sioux City

NEW LEGISLATION

During the 76th General Assembly, there were several changes made to 99D, the part of the Iowa Code which established Pari-Mutuel Racing, and to 99F, Excursion Boat Gambling.

The following changes appear in 99D of the Iowa Code:

Section 99D.5, subsection 3: Not more than three members of the Commission shall belong to the same political party. A member of the Commission shall not have a financial interest in a race track.

Section 99D.11, subsection 5: The Commission shall authorize at the request of the licensee a deduction of a higher or lower percentage of the total sum wagered on all horses or dogs as first, second or third place winners not to exceed 18% and the additional deduction shall be retained by the licensee. The Commission shall authorize at the request of the licensee a deduction of a higher or lower percentage of the total sum wagered on horses or dogs selected to run first not to exceed 24% on multiple or exotic wagering, involving not more than 2 dogs or horses. The deduction authorized above 20% shall be retained by the licensee. On exotic wagering involving more than 2 dogs or horses, the Commission shall authorize at the licensee's request a deduction of a higher or lower percentage of the total sum wager but not more than a total sum wagered of 25% on the exotic wagers. The additional deduction above 22% shall be retained by the licensee.

Section 99D.11, subsection 6, paragraph b: Simulcasting of any horse or dog races must be received by the race track of a licensee that schedules no less than 90 performances of 9 live races each day of the season. The Commission may authorize simultaneous telecast or televising of horse or dog races for the purpose of conducting pari-mutuel wagering at the race track of a licensee where no live racing is scheduled during the period beginning May 1, 1992, and ending June 30, 1993.

Section 99D.12, subsection 1: 2% shall be deposited by the Commission into a special fund to be known as the horse-racing promotion fund. The Commission each year shall approve a non-profit organization to use moneys in the fund for research, education, and marketing of horse racing in the State, including public relations, and other promotional techniques. The non-profit organization shall not engage in political activity.

Section 99D.15, subsection 2: A tax credit of up to 5% of the gross sum wagered per year shall be granted to licensees licensed for horse races and paid into a special fund to be used for debt retirement or operating expenses.

Section 99D.15, subsection 3, paragraph d: If the gross sum wagered at a racetrack for the 1992 racing season is less than \$20,000,000, the licensee may retain up to \$380,000 of its tax liability for the 1992 racing season as a no-interest loan, which shall be payable in four equal installments — payment due at the conclusion of the 1992-93 racing season and at the conclusion of each succeeding racing season, ending with the 1995-96 racing season. The State shall place a lien to the property as provided in section 422.26.

Section 99D.15, subsection 4: A tax of 2% is imposed on the gross sum wagered by the pari-mutuel method on horse races and dog races which are simultaneously telecast. The tax imposed by this sub-section is in lieu of the taxes imposed pursuant to subsection 1 or 3, but the tax revenue from simulcast horse races shall be distributed as provided in subsection 1 and the tax revenue from simulcast dog races shall be distributed as provided in subsection 3.

Section 99D.25A, subsection 6: After the lasix treatment, the Commission, by rule, may authorize the release of the horse from the detention barn before the scheduled post time.

Changes in Iowa Code 99F include the following:

Section 99F.1, subsection 10, was amended to read "gambling game" means any game of chance authorized by the Commission. "Gambling game" does not include sports betting.

Section 99F.7, subsection 1: The Commission may delay the commencement of the excursion season at the request of a licensee.

Section 99F.17, subsection 5: Eliminated the need to store gambling games or implements of gambling in public warehouses within the State. Delivery must be made to a land-based facility approved by the Commission for inspection and approval prior to installation on excursion gambling boats.

COMMISSION MEETINGS

During 1992, the Iowa Racing and Gaming Commission met 10 times. In addition, 2 telephonic meetings were held. Minutes of each meeting are kept on file in the Commission office, and are available to the public upon request. Highlights of the meetings follows:

January 16, 1992 - The Commission met in Des Moines, Iowa. Prairie Meadows simulcast/date reduction was approved. Simulcasting would be allowed until May 1, 1992. After this date, if live-racing did not occur or if there was not legislation passed allowing Prairie Meadows to continue operation without live-racing, Prairie Meadows would lose their license. A sub-committee to study the issue of cross licensing was appointed. Riverboat contracts were approved. The sub-committee's report on legislative recommendations was approved. Executive Session was held.

March 26, 1992 - The Commission met at Waterloo Greyhound Park. The 1992 riverboat summer schedules were approved. Steamboat Development and Southeast Iowa River Development's operations agreement to revise fee schedules was approved. Steamboat Sioux City Inc. advised they were turning in their license. Compacts with the three Iowa Indian tribes were discussed. IRGC was appointed to administer the Compacts. A report on cross-licensing was given by Commissioners Pike and Canella. Lt. Commander Mike Schaferman of the US Coast Guard addressed the Commission regarding "H" and "T" boats.

Dubuque Greyhound Park 1992 season requests were approved. Keith Hopkins, President and CEO of Prairie Meadows, advised the Commission the RACI Board had submitted their resignations. The 1992 Iowa-Bred program, authorizing the administrator to approve contracts for racing programs outside of Iowa where expenses shall not exceed \$35,000, was approved. Increased admission fees for the riverboats were approved at \$5,556 for the remaining 13 weeks of the fiscal year. Executive session was held.

April 23, 1992 - The Commission met at Prairie Meadows, Altoona, Iowa. George Beno, of Iowa West Racing Association (the owner and licensee of Bluffs Run Greyhound Track), received approval of their reorganization plan as submitted, establishing Iowa West Racing. Larry Eide, trustee of Prairie Meadows, was introduced. Keith Hopkins, Prairie Meadows' CEO, discussed the 1992 operating license and requested an extension of the 1991/1992 simulcast season. A Greyhound sub-committee was appointed to study the Greyhound Promotion fund distribution. Commissioners May and Canella reported on the State Admission Fees study. Ken Arthur, Casino Manager of the Mississippi Belle II, requested a review of the Gaming Board's decision regarding a violation of Internal Controls. The issue was tabled for six months. Executive Session was held.

May 21, 1992 - The Commission met at Adventureland in Altoona, Iowa. Chair Pike officially resigned. Amendments to the bylaws and articles of incorporation for Dubuque Racing Association (DRA) were approved. Approval was given to the amendment to DRA and Dubuque Casino Belle's operator's agreement. Waiver requests dealing with pari-mutuel wagers, security plan, and dealing face-up blackjack for the Omaha Tribe were rejected. Commissioner May was elected Chair to fulfill the unexpired term of the past Chair. Executive session was held.

June 26, 1992 - The Commission met at Iowa Public Television in Johnston, Iowa. Distribution of the Greyhound Promotion Fund to the Iowa Greyhound Association was approved. Racing dates for the race tracks were approved. Prairie Meadows requested May 7, 1993, through and including September 6, 1993. Bluffs Run Greyhound Park was granted January 2, 1993, through January 2, 1994, with holiday closing from December 13, 1993, through December 25, 1993. Simulcast authority for both track was also granted. Waterloo Greyhound Park (WGP) requested and was denied year-around racing. WGP was granted October 26, 1993, through April 24, 1994, with simulcasting authority for the remaining six months. Dubuque Greyhound Park was granted April 27, 1993, through October 24, 1993, with simulcasting authority for the remaining six months. A de novo review of the Christopher Crain hearing was approved.

The FY93 proposed riverboat admission fees were presented and approved after discussion. Dave O'Brien, of Missouri River Historical Development, introduced Ted Carlson and D. A. Davis, both

of Sioux City Riverboat Corporation. The request for a riverboat license was tabled until July 2, 1992. A request for Poker rules to be approved was tabled. Darwin Chapman addressed the Commission regarding investigation of slot machine sales by Greenbridge to Par-4, Inc. and Universal Distributing. Nothing was found amiss and the contract was approved as presented. Steamboat Development and Steamboat Southeast filed further detail of their financial audits.

July 2, 1992 - The Commission met by telephonic conference call. The poker rules were approved as presented for adoption. A riverboat license was approved for the Missouri Historical Development Corporation and the Sioux City Riverboat Corporation, subject to 9 conditions. The license granted a three-year period of exclusivity to the applicants.

July 15, 1992 - The Commission met at the Riverfront Club in Davenport, Iowa. Mary Ellen Chamberlin gave a presentation on the monetary grants awarded by the non-profit to local businesses and agencies. Steamboat Development and Steamboat Southeast ceased operation on July 5, 1992, and their licenses were turned in to staff. The testosterone case was discussed and the appellants in this case were given until the October meeting to submit additional evidence and testimony, limited to the issue of the studies, so the Commission could make further ruling on the case. The Commission reaffirmed its decision regarding Christopher Crain. The Commission re-elected Commissioner May as Chair and Commissioner Monaghan as Vice-Chair.

August 20, 1992 - The Commission met in Des Moines at the Wallace Building Auditorium. Administrative rules for Red Dog were approved as presented. Progressive machine jackpots from Steamboat were distributed to the remaining three riverboats. The suspension of Jeff Johnston's license was approved for reconsideration. Bluffs Run/Prairie Meadows' simulcast agreement was approved, without "passive" money to Dubuque and Waterloo greyhound parks, following discussion. Chair May requested the 27% of the 4% escrow account be re-established to authorize the administrator's signature as well as the trustee's. Track conditions at Bluffs Run Greyhound Park were discussed. Executive Session was held.

September 17, 1992 - The Commission met in Des Moines. The riverboat winter schedules were approved as amended, with April and May being approved as off-season months; October was not approved. Self-propulsion and labor organizations and union registration administrative rule amendments were presented and approved. Ted Carlson reported on the progress of the Sioux City riverboat. A request for approval of the auditing firm for the Winnebago Tribe was granted. Jeff Johnston's license was reinstated.

October 15, 1992 - The Commission met at Iowa Public Television in Johnston, Iowa. 1992/1993 season requests for Waterloo Greyhound Park were approved. Jerry Crawford, attorney for the Iowa Greyhound Association, addressed the Commission regarding the improved conditions of the Bluffs Run Greyhound Park track. A Declaratory Ruling was requested by State Representative Dorothy Carpenter on gambling within Polk County and Iowa Code 99F. A proposed agreement with the U. S. Coast Guard was approved. No additional testimony or evidence was received by the Commission regarding the testosterone cases. A ruling will be made in December 1992. Riverboat contracts were approved as presented. Executive session was held.

December 2, 1992 - The Commission met by telephonic conference call. Four contracts associated with the public stock offering by the President Riverboat Casino, Inc., were approved.

December 17, 1992 - The Commission met in Sioux City, Iowa. Bluffs Run 1993 season requests were approved. Sioux City Sue winter docking schedule was approved, including the waiver of the 120 days. The Commission moved to reopen the Testosterone case. The escrow agreement was lifted to allow Prairie Meadows the use of the 4% money. Admission fees for the riverboats were approved for fiscal year 1993. Executive Session was held.

IOWA'S RACE TRACKS

BLUFFS RUN

Bluffs Run located in Council Bluffs, Iowa, conducted greyhound racing on an almost year round basis in 1992. Their season began January 3 and ended January 1 racing 462 performances.

THE SEASON SUMMARY IS AS FOLLOWS:

Racing Dates	1/4 - 1/1
Number of Performances	462
Average Attendance Per Performance	1,306
Total Taxable Attendance	603,272
Daily Average Handle Per Performance.....	\$ 125,246
Total Mutuel Handle.....	\$ 57,863,437
Exotic Wagering	\$ 46,576,598
Track Commission	\$ 15,977,622
Breakage.....	\$ 304,914
State Tax	\$ 2,893,172
City/County Tax	\$ 578,634
Returned to Public	\$ 63,264,977
Purses	\$ 2,140,947
Unclaimed Winnings	\$ 226,394
Simulcast Handle	\$ 28,805,152

BLUFFS RUN COMPARISON

	1985	1986	1987	1988	1989	1990	1991
Racing Dates	2/27-12/15	1/31-12/14	1/8-12/31	1/6-12/31	1/4-12/31	1/4-12/31	1/4-12/31
Number of Performances	377	412	457	456	447	455	455
Average Attendance/Perf.	2,993	2,747	2,423	2,128	1,738	1,485	1,485
Total Taxable Attendance	1,128,203	1,131,725	1,107,106	970,150	776,676	675,629	675,629
Daily Average Handle/Perf.	\$324,869	\$299,164	\$267,320	\$231,311	\$174,120	146,884	146,884
Total Mutuel Handle	\$122,475,778	\$123,255,538	\$122,165,062	\$105,477,937	\$77,831,539	\$66,832,377	\$66,832,377
Breakage	\$455,565	\$454,970	\$443,282	\$379,565	297,682	\$288,054	\$288,054
Unclaimed Winnings	\$432,748	\$428,968	\$463,478	\$356,195	\$298,817	\$248,401	\$248,401

IOWA'S RACE TRACKS

DUBUQUE GREYHOUND PARK

Dubuque Greyhound Park located in Dubuque, Iowa, raced 249 performances in 1992, beginning April 7 and ending November 8. The average handle was \$79,790 with an average daily attendance of 800 patrons wagering on the greyhounds.

THE SEASON SUMMARY IS AS FOLLOWS:

Racing Dates	4/07 - 11/08
Number of Performances	249
Average Attendance Per Performance	800
Total Taxable Attendance	199,285
Daily Average Handle Per Performance	\$ 79,790
Total Mutuel Handle	\$19,867,762
Exotic Wagering	\$17,108,475
Track Commission	\$ 4,116,838
Breakage	\$ 186,945
State Tax	\$ 596,033
City/County Tax	\$ 198,678
Returned to Public	\$15,692,855
Purses	\$ 794,710
Unclaimed Winnings	\$ 101,117

DUBUQUE GREYHOUND PARK COMPARISON

	1985	1986	1987	1988	1989	1990	1991
Racing Dates	6/1-11/17	4/1-11/2	4/1-11/1	4/6-11/13	3/29-11/5	3/29-11/5	4/2-11/10
Number of Performances	198	236	232	240	238	244	255
Average Attendance/Perf.	2,876	2,772	2,540	2,424	2,274	1,424	1,096
Total Taxable Attendance	569,407	654,212	589,317	581,865	541,115	347,560	279,555
Daily Avg. Handle/Perf.	\$210,556	\$269,679	\$283,504	278,719	\$273,805	\$168,932	\$110,508
Total Mutuel Handle	\$41,690,178	\$63,644,286	\$65,773,036	\$66,892,630	\$65,165,531	\$41,219,405	\$28,179,552
Breakage	\$237,970	\$237,721	\$228,620	\$232,638	\$205,202	\$120,263	\$90,616
Unclaimed Winnings	\$257,508	\$240,093	\$296,965	\$290,015	\$301,996	\$207,319	\$134,732

IOWA'S RACE TRACK

WATERLOO GREYHOUND PARK

Waterloo Greyhound Park, located in Waterloo, Iowa, has finished their seventh winter season. They opened October 10, 1991, and completed 227 performances with a daily average attendance of 724 and an average handle of \$83,292. The handle was \$18,907,332 and the attendance totaled 164,437 patrons.

The following are the totals for Waterloo Greyhound Park's 1991-92 season.

THE SEASON SUMMARY IS AS FOLLOWS:

Racing Dates	10/10/91 - 4/20/92
Number of Performances	227
Average Attendance Per Performance	724
Total Taxable Attendance	164,437
Daily Average Handle Per Performance	\$ 83,292
Total Mutuel Handle	\$18,907,332
Exotic Wagering	\$16,662,789
Track Commission	\$ 2,845,931
Breakage	\$ 170,047
State Tax	\$ 567,220 **
City/County Tax	\$ 99,264 *
Returned to Public	\$ 8,549,541
Purses	\$ 763,289
Unclaimed Winnings	\$ 87,318

* The City/County Tax amount for the 1991-1992 season was \$189,073. However, Blackhawk County refunded Waterloo Greyhound Park \$89,810, or 95%, of the tax revenue received from Waterloo Park.

** Interest free loan to Waterloo Greyhound Park per Senate File 2249 equalled \$378,146.04

WATERLOO GREYHOUND PARK COMPARISON

	1985	1986-1987	1987-1988	1988-1989	1989-1990	1990-1991
Racing Dates	10/15/86-04/15/87	10/16/87-04/01/88	09/06/88-03/12/89	10/11/89-04/08/90	10/11/90-4/14/91	
Number of Perf.	213	234	222	224	222	
Avg. Attend./Perf.	1,513	1,247	1,076	1,097	981	
Total Taxable Attend.	322,294	291,733	238,814	245,725	217,752	
Daily Avg. Handle/Perf.	\$128,795	\$138,579	\$130,603	\$132,175	\$115,082	
Total Mutuel Handle	\$27,433,354	\$32,427,585	\$28,993,917	\$29,607,297	\$25,548,278	
Breakage	\$108,641	\$106,299	\$91,153	\$81,864	\$66,357	
Unclaimed Winnings	\$134,620	\$235,944	\$136,473	\$153,660	\$105,181	

IOWA'S RACE TRACKS

PRAIRIE MEADOWS

Prairie Meadows located in Altoona, Iowa, completed its fourth season in 1992. There was no live racing, only simulcasting of the running of horses from several locations and the running of greyhounds from Bluffs Run.

THE SEASON SUMMARY IS AS FOLLOWS:

	Simulcast
Simulcasting Dates	1/1-12/31
Number Simulcast Days	308
Attendance	245,030
Total Mutuel Handle	\$38,405,632
Total Simulcast Horse Handle	\$16,721,800
Total Simulcast Greyhound Handle	\$21,683,832
Track Commission	\$ 7,784,412
Breakage	\$ 123,321 (a)
State Tax Credit	\$ 1,575,195 (b)
Total Return to Host Tracks	\$ 2,258,046
Return to Public	\$30,621,220
Purses from Dog Handle Applied to 1993 Purse Fund	
Thoroughbred	\$ 246,689
Quarterhorse	\$ 69,579
Harness	\$ 53,000 (c)
Purses Paid for Races Out-of-State	\$ 70,000
Unclaimed Winnings (Horse Only)	\$ 60,054

(a) These amounts are generated solely from horse simulcast races.

(b) Tax = 6% (1/1 - 6/30); 2% (7/1 - 12/31)

(c) These amounts were paid in cash or escrowed in the name of the Iowa Harness Horsemen's Association.

PRAIRIE MEADOWS COMPARISON

	1989	1989	1990	1990	1991	1991
	Thrbd/Qtrhorse	Harness	Thrbd/Qtrhorse	Harness	Thrbd/Qtrhorse	Simulcasting
Racing Dates	3/1-5/15	7/26-11/13	3/15-7/30	8/16-10/27	3/1-9/2	3/1-12/31
Number of Performances	136	34	95	44	105	92
Attendance	390,580	62,706	275,800	62,812	296,713	44,768
Total Mutuel Handle	\$33,397,995	\$4,550,442	\$23,340,890	\$2,595,713	\$17,541,241	\$18,348,217
Total Exotic	\$16,285,845	\$2,398,821	\$13,248,251	\$1,670,393	\$12,666,099	\$11,610,964
Track Commission	\$ 1,872,881	\$ 550,997	\$ 2,864,019	\$ 326,387	\$ 5,389,762	\$ 1,615,502
Breakage	\$ 342,191	\$ 44,785	\$ 183,717	\$ 19,664	\$ 176,817	\$ 16,962
State Tax	\$ 1,669,899	\$ 227,522	\$ 1,167,045	\$ 129,786	\$ 0*	\$ 0*
City/County Tax	\$ 333,980	\$ 45,504	\$ 233,409	\$ 25,957	\$ 0*	\$ 0*
Return to Public	\$27,060,690	\$3,681,633	\$18,892,407	\$2,093,919	\$22,335,363	\$ 6,548,885
Purse	\$ 3,119,434	\$ 671,250	\$ 1,803,429	\$ 338,815	\$ 1,407,277	\$ 399,173
Simulcast Handle	\$ 342,355	\$ 41,683	\$ 2,932,957	\$2,200,985		

* 99D.15(8)2 Legislation provides a tax credit in the amount of 6%, if the gross sum wagered (handle) is under \$90,000,000 at horse racing facilities, to be applied against their debt retirement.

LABORATORY TESTING

The Iowa Racing and Gaming Commission strives to protect the integrity of the sport of racing in Iowa. Iowa's urine testing program is the backbone of the agency's policing functions. The program was conducted by Iowa State University Diagnostic Laboratory, of Ames, Iowa.

It is the duty of the Iowa Racing and Gaming Commission, and its racing chemist, through chemical analysis of urine samples collected from racing animals at the tracks, to insure that foreign substances are not being administered to racing animals pursuant to Iowa Code Chapter 99D.25 of the Iowa Pari-Mutuel Wagering Act. This section prohibits the administration of any foreign substance prior to a race. The Commission will continue to justify intense regulation to guarantee the racing industry in Iowa is above reproach.

The following is a summary of chemical tests conducted by the Iowa State Veterinary Diagnostic Lab in 1992 for the Iowa Racing and Gaming Commission.

	URINE
Greyhound	
Bluffs Run	5,486
Dubuque Greyhound Park	2,987
Waterloo Greyhound Park.....	2,256

POSITIVE TESTS	
	Greyhound
Procaine	20
Trimethoprim	6
DMSO/DMSO2	8
Sulfamethoxazole	2
Sulfadimethoxine	4
Sulfamethazine	13
Polyethylene Glycol.....	7
Azobenzene	6
Levamisole	<u>2</u>
TOTAL POSITIVES	68

IOWA BREEDER'S FUND

IOWA SUPPLEMENTS

The Department of Agriculture maintains a data base of thoroughbred, standardbred and quarterhorses who have qualified to be Iowa-foaled horses, as well as greyhounds that have qualified as Iowa-whelped dogs according to Iowa Code Chapter 99D.22 and Administrative Rules of the Department of Agriculture.

An amount equal to 12% of the winner's share of any purse won by an Iowa-foaled horse or Iowa-whelped dog is withheld by the licensee from the breakage and paid at the end of the race meeting to the Department of Agriculture. The Department of Agriculture in turn pays the breeder of the winning Iowa-foaled horse or breeder of the Iowa-whelped dog on December 31 of each year. The amounts created from the total breakage were paid out as follows in 1992:

THOROUGHNBRED/QUARTERHORSE		Dubuque Greyhound Park	
Breeder's Awards	\$ 0	Breeder's Awards	\$ 18,140
Supplements	\$316,268	Supplements	\$124,120
		Iowa Stakes	\$ 42,507
		Carry-over	\$ 0
		Dog Racing Promotion Fund	\$ 3,401
 GREYHOUNDS		 Waterloo Greyhound Park	
Bluffs Run		1991-1992 Season	
Breeder's Awards	\$ 54,418	Breeder's Awards	\$ 18,227
Supplements	\$418,085	Supplements	\$112,398
Iowa Stakes	\$146,787	Iowa Stakes	\$ 37,348
Carry-over	\$ 10,532	Carry-over	\$.56
Dog Racing Promotion Fund	\$ 11,743	Dog Racing Promotion Fund	\$ 3,079

The remainder of the breakage at horse tracks is distributed as purse supplements to the owners of winning Iowa-bred horses.

The remainder of the breakage at greyhound tracks is divided, with 25%, funding a stakes race restricted to registered Iowa-whelped greyhounds, 2% Dog Promotion Fund and 73% distributed as purse supplements to the owners of winning Iowa-whelped greyhounds.

Each greyhound track may receive up to \$5,000 to carry out the racing dog adoption program pursuant to Iowa Code 99D, section 27.

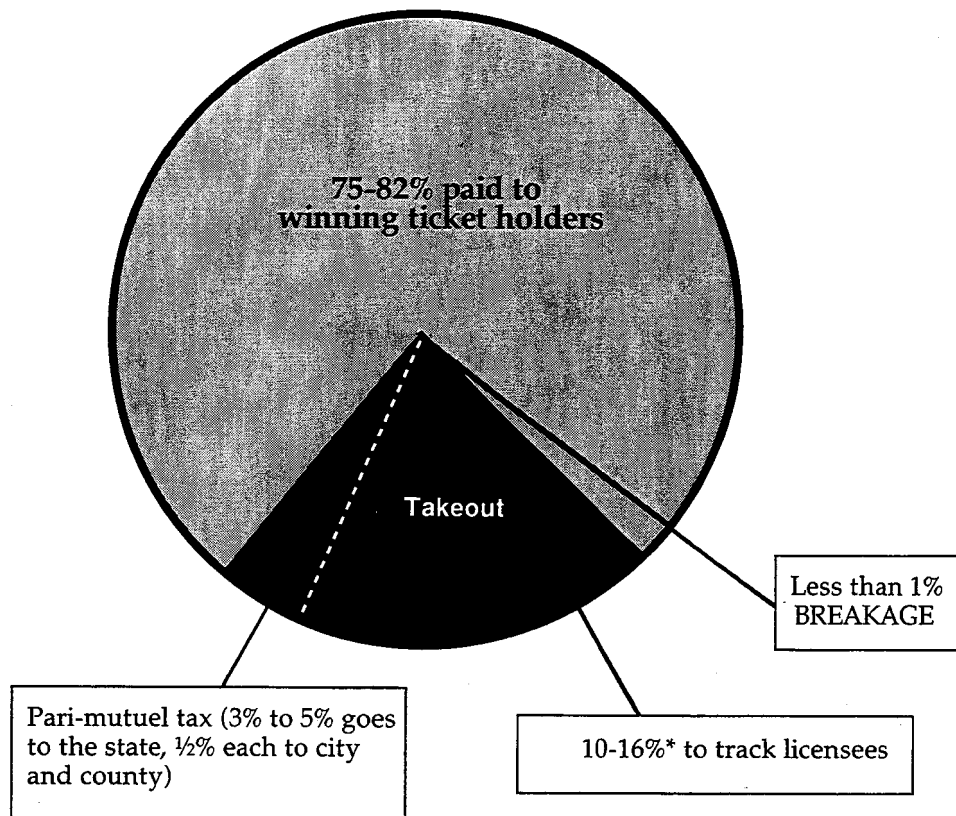
STATEMENT OF OCCUPATIONAL GREYHOUND LICENSE FEES

Admission	430
Association Employee	210
Concession Employee	1,790
Kennel Helper	460
Lead Out	1,060
Maintenance	555
Mutuel Employee	1,200
Parking	125
Security	550
Totalizator Employee	140
Vendor Employee	170
Association Board Member	220
Assistant Trainer	540
Owner	4,950
Trainer	390
Veterinarian	30
Manager	560
Director of Racing	60
Kennel Owner	800
Official	8,740
Owner/Trainer	100
Miscellaneous	151
Partnerships	1,820
Kennel Name	300
Kennel Name/Partnership	20
Vendor	50
Corporations	360
Authorized Agent	20
Duplicate Licenses	55
TOTAL OCCUPATIONAL LICENSES	26,964

STATEMENT OF OCCUPATIONAL HORSE LICENSE FEES

Admission	4
Association Employee	17
Concession Employee	52
Maintenance	17
Mutuel Employee	84
Security	14
Totalizator Employee	5
Vendor Employee	1
Official	1
Vendor	1
Assistant Manager	10
Manager	14
Mutuel Manager	1
Racing Secretary	1
TOTAL OCCUPATIONAL LICENSES	222

IOWA'S PARI-MUTUEL WAGERING DOLLAR



* Actual percentage depends on type of wager. The takeout is 16% on win, place and show wagers; 20% on doubles (up to two dogs/horses racing); and 22% on exotic (3+ dogs/horses racing). Four to six percent is paid out in pari-mutuel taxes, as shown. The pari-mutuel licensees may request a higher percentage be withheld, with the licensee retaining the additional deduction. On win, place, and show wagers 18% may be withheld. On doubles, up to 24% may be withheld; on exotic wagering, 25% may be withheld. The remaining percentage goes to the track licensee for purses, operating expenses, debt retirement and distribution to local charities, community betterment projects, scholarships, etc.

The Breakage (the odd cents by which the amount payable on each dollar wagered in a pari-mutuel pool exceeds a multiple of ten cents) is distributed to the breeders of Iowa-foaled horses and Iowa whelped dogs.

PARI-MUTUEL REVENUE AND EXPENDITURES

PARI-MUTUEL OPERATING REVENUES	January-June	July-December
Admission Fees	\$ 318,107.00	\$ 278,363.50
Daily License Fees	96,000.00	94,800.00
Occupational License Fees	14,865.00	2,660.00
Fines	6,805.00	1,275.00
Pari-Mutuel Tax	3,908,838.81	596,032.86
TOTAL	\$ 4,344,615.81	\$ 973,131.36

EXPENDITURES FOR PARI-MUTUEL

Payroll	\$326,759.65	\$343,676.92
Travel	10,531.40	10,597.50
State Vehicle	75.16	0
Office Supplies	27,728.96	6,963.08
Equipment Maintenance	912.85	1,180.85
Professional Supplies	4,242.90	2,938.10
Other Supplies	2,985.04	339.86
Printing & Binding	172.80	0
Communications	8,651.91	4,050.47
Rentals	170.50	0
Professional Services (Vets)	380,161.50	221,162.50
Outside Services	5,971.85	3,707.80
Intra Transfers	1,009.75	0
Advertising/Publications	0	513.63
Outside Repairs	4,278.43	215.70
Data Processing	1,850.16	1,152.52
Reimbursements to Other Agencies	(33.17)	93.70
Equipment	0	3,150.00
Office Equipment	774.53	1,037.68
Back Pay Interest Expense		98.64
TOTAL	\$776,244.22	\$600,878.97

PARI-MUTUEL REVENUE TO LOCAL GOVERNMENTS

	\$857,397.00	\$198,678.00
--	--------------	--------------

UNCLAIMED WINNINGS

(July 1, 1991 - June 30, 1991)

Revenues	\$596,459.60
Expenditures	
Dept. of Agriculture	\$174,090.00
Drug Testing	430,747.00
TOTAL	\$604,837.00

IOWA'S EXCURSION BOATS

ALL IOWA'S EXCURSION BOATS

	1992 (Jan-Dec)	1991 (Apr-Dec)
Admission	2,163,637	2,145,810
Slot Drop	\$ 77,004,091.57	\$ 67,869,901.47
Coin In	\$628,594,056.80	\$513,096,799.12
Slot Win/Loss	\$ 59,542,432.75	\$ 54,212,577.93
Table Drop	\$ 26,027,873.61	\$ 25,039,111.93
Table Win/Loss	\$ 9,831,072.51	\$ 10,363,678.40
Total Win	\$ 69,905,595.79	\$ 64,576,256.33
Tax to City	\$ 349,521.64	\$ 322,466.45
Tax to County	\$ 349,521.64	\$ 322,466.45
Tax to Gambler's Assistance	\$ 2,097,054.13	\$ 1,972,142.44
Tax to General Fund	\$ 10,056,901.53	\$ 7,621,370.80
Admission Tax	\$ 686,800.00	\$ 672,295.00

IOWA'S EXCURSION BOATS

THE DUBUQUE CASINO BELLE

The Dubuque Casino Belle began operation April 1, 1991. Robert Kehl owns and operates the boat. As its name indicates, its home port is Dubuque.

	1992 (Jan-Dec)	1991 (Apr-Dec)
Admission	517,406	505,411
Slot Drop	\$ 16,557,881.75	\$ 15,251,406.56
Coin In	\$144,227,285.25	\$135,505,310.70
Slot Win/Loss	\$ 13,567,231.58	\$ 12,799,883.51
Table Drop	\$ 7,185,104.51	\$ 4,713,188.87
Table Win/Loss	\$ 2,647,570.26	\$ 2,544,138.57
Total Win	\$ 16,214,801.84	\$ 15,344,022.08
Tax to City	\$ 81,074.33	\$ 80,285.56
Tax to County	\$ 81,074.33	\$ 80,285.56
Tax to Gambler's Assistance	\$ 486,246.01	\$ 481,713.36
Tax to General Fund	\$ 2,243,549.02	\$ 1,940,726.04
Admission Tax	\$ 219,936.00	\$ 134,459.00

IOWA'S EXCURSION BOATS

THE DIAMOND LADY

The Diamond Lady began operation April 1, 1991, in Bettendorf and ceased operation in Iowa, July 1992. Steamboat Development owned and operated the boat.

	1992 (Jan-July)	1991 (Apr-Dec)
Admission	253,173	387,870
Slot Drop	\$ 7,083,165.69	\$10,139,607.40
Coin In	\$46,187,654.80	\$69,607,424.25
Slot Win/Loss	\$ 5,476,021.98	\$ 8,488,549.84
Table Drop	\$ 3,533,683.50	\$ 5,893,090.13
Table Win/Loss	\$ 1,132,117.25	\$ 1,976,668.01
Total Win	\$ 6,608,139.73	\$10,465,217.85
Tax to City	\$ 33,032.89	\$ 52,326.01
Tax to County	\$ 33,032.89	\$ 52,326.01
Tax to Gambler's Assistance	\$ 198,197.29	\$ 351,296.15
Tax to General Fund	\$ 1,021,958.21	\$ 1,201,846.48
Admission Tax	\$ 13,496.00	\$ 134,459.00

IOWA'S EXCURSION BOATS

THE EMERALD LADY

The Emerald Lady began operation May 1991 and ceased operation in Iowa, July 1992. The Emerald Lady served the communities of Burlington, Ft. Madison and Keokuk. It was owned and operated by Steamboat Southeast.

	1992 (Jan-Dec)	1991 (May-Dec)
Admission	202,334	264,243
Slot Drop	\$ 5,375,749.93	\$ 6,286,846.98
Coin In	\$35,735,985.00	\$42,081,467.37
Slot Win/Loss	\$ 4,202,485.39	\$ 5,102,236.02
Table Drop	\$ 1,648,683.83	\$ 2,511,497.28
Table Win/Loss	\$ 803,294.83	\$ 1,160,894.53
Total Win	\$ 5,028,516.22	\$ 6,263,130.55
Tax to City	\$ 25,598.68	\$ 31,317.01
Tax to County	\$ 25,598.68	\$ 31,317.01
Tax to Gambler's Assistance	\$ 153,592.18	\$ 187,902.10
Tax to General Fund	\$ 776,639.81	\$ 479,049.53
Admission Tax	\$ 13,496.00	\$ 134,459.00

IOWA'S EXCURSION BOATS

THE MISSISSIPPI BELLE II

The Mississippi Belle II began operation in June 1991. Robert Kehl owns and operates the boat. The boat's home port is Clinton.

	1992 (Jan-Dec)	1991 (June-Dec)
Admission	194,836	103,279
Slot Drop	\$ 7,346,947.45	\$ 3,222,380.75
Coin In	\$66,364,617.75	\$29,111,097.30
Slot Win/Loss	\$ 5,898,648.55	\$ 2,768,555.96
Table Drop	\$ 2,352,434.95	\$ 1,348,696.56
Table Win/Loss	\$ 911,864.44	\$ 586,374.52
Total Win	\$ 6,780,924.92	\$ 3,354,930.48
Tax to City	\$ 34,052.63	\$ 16,848.77
Tax to County	\$ 34,052.63	\$ 16,848.77
Tax to Gambler's Assistance	\$ 204,317.73	\$ 101,096.71
Tax to General Fund	\$ 739,691.75	\$ 164,036.91
Admission Tax	\$ 219,936.00	\$ 134,459.00

IOWA'S EXCURSION BOATS

THE PRESIDENT

The President Riverboat Casino began operation April 1, 1991. The Connelly Group owns and operates the boat. The President's home port is Davenport.

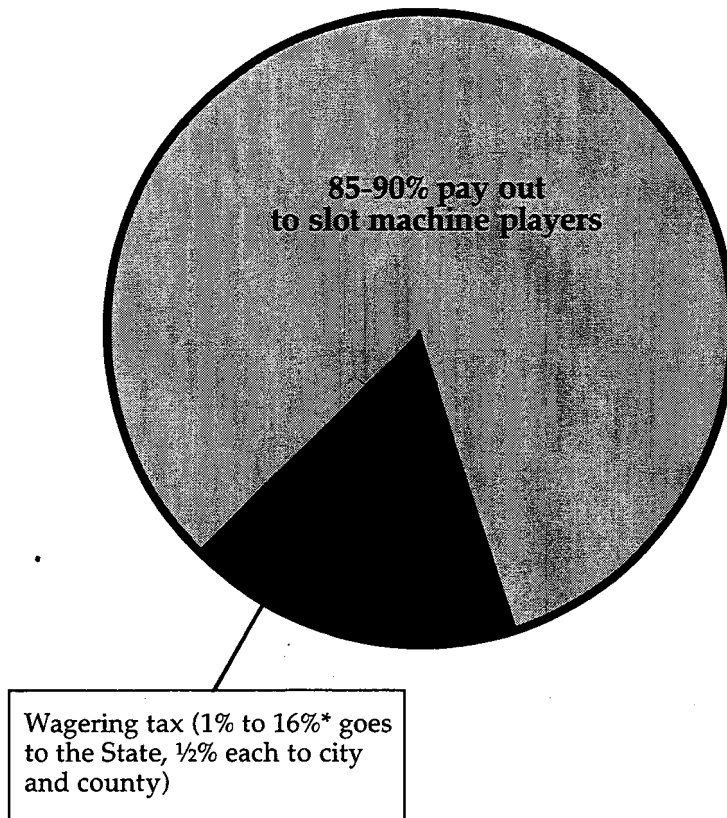
	1992 (Jan-Dec)	1991 Apr-Dec)
Admission	995,888	885,007
Slot Drop	\$ 40,640,346.75	\$ 32,969,659.78
Coin In	\$336,078,514.00	\$236,791,499.50
Slot Win/Loss	\$ 30,398,045.25	\$ 25,053,352.60
Table Drop	\$ 11,307,966.82	\$ 10,572,639.09
Table Win/Loss	\$ 4,336,225.73	\$ 4,095,602.77
Total Win	\$ 35,273,213.08	\$ 29,148,955.37
Tax to City	\$ 175,763.11	\$ 141,689.10
Tax to County	\$ 175,763.11	\$ 141,689.10
Tax to Gambler's Assistance	\$ 1,054,700.92	\$ 850,134.12
Tax to General Fund	\$ 5,275,062.74	\$ 3,835,711.84
Admission Tax	\$ 219,936.00	\$ 134,459.00

STATEMENT OF OCCUPATIONAL LICENSES EXCURSION BOAT GAMBLING

Auditor	1
Captain/Boat Pilot	17
Controller	7
Director	21
Floor Person	39
Manager.....	32
Officers	9
Owner	9
Supervisor	114
Accountant/Auditing Employee.....	14
Association Employee	6
Association Member	30
Box/Stick/Dealer Personnel	387
Casino Teller/Cashier	84
Chip/Token Cashier	51
Count Room Employee	28
Security Employee	127
Slot Change Person	109
Slot Tech/Attendant	41
Surveillance Employee	23
Administrative Employee	57
Alcohol/Food Service	384
Attendant	7
Boat Engineer.....	21
Cashier Non Gaming	63
Deck Hand	66
Entertainer/Musician	60
Host/Hostess/Greeter.....	37
Photographer	28
Porters/Janitorial	59
Vendor Employee	257
Vendor	72
Miscellaneous.....	248
TOTAL OCCUPATIONAL LICENSES	2,508

WAGERING OF IOWA'S GAMING DOLLAR

Iowa's gaming industry consists of slot machines (and video games of chance) and table games. Table games include various styles of twenty-one, roulette, or craps — as allowed by Iowa Code. Slot machine statistics are kept on the "handle," which is the total amount wagered, and the "drop," which is cash equivalents exchanged for chips to be risked against the casinos. Handle for slot operations and the percentage of win to handle (or "takeout") may be accurately calculated because slot data systems are required which track all monies wagered in the machines. Handle at the table games cannot be calculated because there is no mechanism for tracking each bet. Available data for table games include the drop and ratios of win to drop. Therefore, the "gaming dollar" shown below indicates only the win percentage on the slot machine handle.



* Actual percentage depends on the amount of adjusted annual gross receipts each riverboat produces. The taxes are based on the following revenue breakdowns: Up to \$1,000,000 = 5%; from \$1,000,001 to 3,000,000 = 10%; above \$3,000,000 = 20%. Additional admission fees up to \$.50 may be charged by the city and/or county where each riverboat docks.

EXCURSION BOAT GAMBLING REVENUE AND EXPENDITURES

EXPENDITURES FOR EXCURSION BOAT GAMBLING

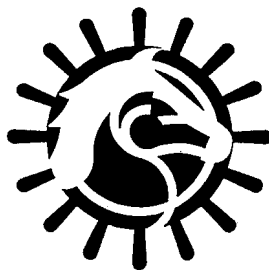
	January-June	July-December
Payroll	\$182,279.56	\$184,401.20
Travel	17,618.05	14,755.61
State Vehicle	512.43	1,114.74
Office Supplies	25,349.29	4,030.39
Other Supplies	93.99	8,446.20
Equipment Maintenance	59.14	1,175.00
Printing & Binding	426.50	52.80
Communications	6,953.51	4,423.26
Rentals	95.00	0
Professional Services (Gaming Lab)	13,998.51	(27,224.50)
Outside Services	96.50	19.25
Intra Transfers	5,604.76	1,529.69
Advertising/Publications	0	124.20
Outside Repairs	273.00	0
Data Processing	16.07	475.86
Reimbursements to Other Agencies	64.05	67.74
Office Equipment	407.01	5,329.15
Back Pay Interest Expense		100.42
TOTAL	\$253,847.37	\$198,821.01

REVENUES TO GENERAL FUND

Admission Fees	\$691,443.00	\$686,800.00
Initial Application Fee	25,000.00	0
Occupational License Fees	58,295.00	11,250.00
Manufacturers, Distributors License Fees	14,650.00	250.00
Fines	675.00	1,475.00
TOTAL	\$790,063.00	\$699,775.00

EXCURSION BOAT TAX REVENUES

State Government	\$6,186,504.16	\$4,078,134.34
Local Government	386,655.92	325,359.18
Gambler's Assistance	1,219,182.23	976,082.59
TOTAL	\$7,792,342.31	\$5,379,576.11



**IOWA STATE
RACING AND GAMING COMMISSION
Lucas Building
Des Moines, Iowa 50319
515-281-7352**



**IOWA RACING
AND GAMING
COMMISSION**

SUPPLEMENT TO 1992 ANNUAL REPORT
PURSUANT TO IOWA CODE CHAPTER 99D.21

With the ten-year anniversary of the initial adoption of pari-mutuel legislation in Iowa and the second anniversary of the opening of riverboat gambling, it is an appropriate time to review the effect of the legislation, whether or not it is meeting its intended goals, and the status of the industry.

The danger in any analysis is obvious. The report is not only subject to selective quotation but will inevitably be criticized by gambling opponents as a pro-gambling evaluation and by the gambling interests as overly critical. Depending upon the bias of the reader, both criticisms might be justified.

In order to make informed decisions, however, information is necessary; the fact that no single study can be complete and without controversy should not and will not prevent accumulation of information.

The Iowa Racing and Gaming Commission (IRGC) is charged with preparing an annual report to the Governor for the period ending December 31 of each year under Iowa Code Section 99D.21. The report is to include not only an account of the Commission's actions, financial position and the results of operation, but information concerning practical results attained under the pari-mutuel chapter. In an effort to meet that charge, this report has been prepared.

The purposes of the pari-mutuel and riverboat legislation are tax generation, economic development and job creation, riverfront development, and promotion of tourism. The impact on the quality

of life in the various communities affected should also be reviewed.

I. TAX GENERATION

The first pari-mutuel track, Dubuque Greyhound Park, opened June 1, 1985. It was followed by Bluffs Run in February of 1986, Waterloo Greyhound Park in October of that same year and Prairie Meadows in March 1989.

On April 1, 1991, three riverboats began operation on the Mississippi River - the Dubuque Casino Belle, the Diamond Lady and The President. In May of that year, the Emerald Lady began operation with the Mississippi Belle II following in June. The most recent addition, the Sioux City Sue, opened in January of 1993. Two of these boats, the Diamond Lady and the Emerald Lady have since elected to move out-of-state.

Direct comparisons are difficult because the IRGC annual report is prepared on a calendar year, the tracks operate seasonally and the state budgets on a fiscal year (July through June). Some of the numbers below would be affected by the change from calendar to fiscal year calculations and in fund sources, but, in the aggregate, should be representative.

Although it is difficult to summarize direct tax revenue in an ever-changing environment, the data on file in the Commission office shows the following contributions to general revenue funds of the State on a calendar year basis:

	<u>Pari-Mutuel Tax***</u>	<u>Track Adm. Tax</u>	<u>Unclaimed Winnings, fines, and license fees</u>	<u>Rvboat Adm.</u>	<u>Rvboat Taxes</u>	<u>Rvboat License Fees and Fines</u>
1985 \$	2,105,033		257,508*			
1986	9,326,570		672,838*			
1987	10,843,962		870,672*			
1988	11,184,100		999,407*			
1989	9,401,992		925,087*			
1990	6,428,572		754,847*			150,000
1991	4,953,454	757,230	240,822	686,800	12,153,955	164,459
1992	4,056,425	606,012	216,405	672,295	9,593,512	111,595

***Figures shown are NET of tax credits.

*Unclaimed Winnings only.

Note: 1985 through 1988 figures include harness circuit.

**THE TOTAL CONTRIBUTION TO THE GENERAL FUND SINCE THE
INCEPTION OF PARI-MUTUEL AND RIVERBOAT GAMBLING IS
\$88,133,552.**

In order to ascertain the net effect on the general revenue fund, however, one must take into consideration the amount expended or appropriated in regulation of the industry and other costs together with other funding sources.

With startup expenses in fiscal year 1985, IRGC received an appropriation from the General Fund of \$296,400. From fiscal year 1986 until fiscal year 1992 (commencing July 1, 1991), the pari-mutuel expenses of IRGC costs were paid from the track admission fees, daily license fees, fines and occupational license fees paid by the licensees not included in the amounts paid into the general

fund. Drug testing costs were billed to the licensee. Those amounts were sufficient to provide not only the cost of regulation but also led to a reserve of approximately \$692,000 which was transferred to the Child Support Recovery Unit. In addition, from those fees, IRGC awarded research grants to Iowa State University of \$627,451 (1985 through 1990).

Expenses attributable to the general fund for those years (fiscal years 1985 through 1991) for pari-mutuel activities would include the following:

Department of Public Safety	\$1,029,570
Department of Agriculture & Land Stewardship	464,027

Effective July 1991, the pari-mutuel and riverboat laws were changed to provide for payment of admission fees, daily license fees, fines and occupational license fees into the general fund. Since that time, IRGC has received an appropriation through the general fund. We, therefore, have only one complete fiscal year (FY92) in which all of the income and expenses for pari-mutuel and the riverboats can be directly compared through expenditures and receipts of the general fund.

In fiscal year 1992, the total payment into the General Fund was \$21,853,157. From that amount, the State appropriated the following from the General Fund: \$2,317,718 to the IRGC for regulation of racing and riverboats, \$286,989 to the DCI for pari-mutuel, and \$174,090 to the Department of Agriculture and Land Stewardship. In addition \$1,550,000 was spent by the DCI from the General Fund in connection with the riverboats (net of background

reimbursements). Actual DCI expenditures for FY 1992 in connection with the riverboats was \$1,679,500; however, \$129,500 was recouped from background reimbursements, leaving the above balance from the General Fund. The General Fund appropriation for the Gambler's Assistance Fund was \$400,000, of which riverboat revenues contributed a portion and which also includes a contribution from Lottery. Further, \$250,000 of the \$400,000 allocation to Gambler's Anonymous was actually spent; but, for purposes of this report, the entire \$400,000 will be considered as expended and charged entirely to the pari-mutuel/riverboat industries with no allocation to Lottery.

In summary, in fiscal year 1992 there was a direct net positive impact on the General Revenue Fund of \$17,524,360, not including Gambler's Assistance.

In addition, the tracks and riverboats have paid the following taxes in accordance with 99D and 99F to city and county governments by calendar year:

	<u>Pari-Mutuel Tracks</u>	<u>Riverboats</u>
1985	\$ 416,902	
1986	1,861,201	
1987	2,164,619	
1988	2,214,854	
1989	1,996,373	
1990	1,486,582	
1991	1,205,603	\$ 644,932
1992	876,576***	699,042

***Net less the \$89,810 refunded by Black Hawk County to Waterloo Greyhound Park.

TOTAL CONTRIBUTIONS TO CITY AND COUNTY GOVERNMENTS THROUGH
1992: \$13,566,684.

In addition, Bluffs Run has paid \$846,055 in property taxes since 1986.

II. ECONOMIC DEVELOPMENT AND JOB CREATION

The information concerning direct tax revenue does not take into consideration the tax revenue generated by the economic development and jobs created as a result of the businesses established by the legislation. It is obviously a more difficult impact to measure as each dollar generated has a multiplier effect in the economy. Unlike the lottery which is operated by the State and from which the State keeps the profits, the greatest economic impact of the pari-mutuel and riverboat industries is indirect.

Perhaps one should start with the basics. The payrolls for the various licensees in 1992 were as follows**:

Dubuque Greyhound Park	(11/91 - 11/92)	\$ 1,481,086
Waterloo Greyhound Park	(Year ending 5/31/92)	1,405,457
Bluffs Run	(calendar year)	3,775,115
Prairie Meadows	(calendar year)	2,163,584
Dubuque Casino Belle	(calendar year)	5,460,569
The President	(calendar year)	14,201,721
Mississippi Belle II	(calendar year)	2,233,606

**The Emerald Lady and the Diamond Lady which departed in July 1992 are not included. The above numbers reflect gross salaries and benefits but do not include employer taxes paid. Nor is the amount of Iowa state income tax paid readily available as the state income

tax withheld would not necessarily reflect the actual tax liabilities.

In 1992, The President was the SIXTH largest employer in the Quad Cities.

The salary ranges for these jobs obviously vary. For most positions, the riverboat and pari-mutuel industries must compete for employees with other employers in the community. However, even for jobs which would otherwise command only minimum wage in the market, the riverboats must statutorily pay 125% of minimum wage.

In addition, the following amounts have been paid to the trainers, jockeys, kennel operators and owners of racing animals by calendar year:

	<u>Purses</u>	<u>Dog Promotion</u>	<u>Breeders Awards, Supplements & Iowa Stakes Races</u>
1985	\$1,463,405		262,049
1986	5,870,375		808,555
1987	6,792,510		1,051,180
1988	6,693,682		1,018,194
1989	9,732,839	7,949	1,012,820
1990	6,850,848	6,834	754,850
1991	6,210,152	14,969	995,610
1992	3,768,946	18,223	1,298,831
TOTALS	\$ 47,382,757	\$47,975	\$7,202,089

The purses paid have an impact throughout this state as the money is filtered to rural Iowa to pay for the feed, the kennels, the veterinary supplies, the bedding, the supplies and other services needed by the industry.

According to a release from the Department of Agriculture and Land Stewardship dated March 1, 1990, the "breeding, raising and training of race horses is a \$50 million industry in Iowa."

The most recent information from the Iowa Department of Agriculture and Land Stewardship concerning the greyhound industry was released in 1988. According to that release:

"Greyhound racing in Iowa adds an extra \$2 million in economic activity to the state's agricultural sector, according to survey results released today by Iowa Secretary of Agriculture Dale M. Cochran. The breeding, caring for, and training of greyhounds used on the racing circuit is included in the agricultural sector of the economy. 'The breeders, owners, and trainers of the dogs used in racing generate this money through the wages they pay, the goods and services they purchase, and the licensing fees and taxes they pay,' said Cochran.

In addition, according to Cochran, greyhound owners have \$5.5 million invested in their dogs. . . . "

When that report was prepared in 1988, there were five or fewer Iowa kennels operating at the dog tracks in Iowa. In 1992, there were twenty-seven (27) Iowa-based kennels at the three pari-mutuel dog tracks in Iowa. While some projections could be made on that basis, the multiplier effect would not be precisely accurate.

With the passage of the pari-mutuel legislation, \$87,000,000 was spent in Iowa to build the four race tracks.

The sponsoring non-profits have also received funds from these industries which have been used in support of civic and charitable causes in the various communities. In 1991 the sponsoring non-profits of riverboat operations received \$5,197,971, and in 1992 they received \$3,818,127, for a total over the twenty-one months of operation of \$9,016,098.

These amounts do not include the sums donated by the sponsoring organizations of the tracks or those funds contributed by the gambling entities as corporate citizens. For example, in 1992, The President Riverboat Casinos contributed an additional \$150,000 to charitable causes. Since Bluffs Run began operation, Iowa West Association, as the licensed non-profit for the dog track, reports that it contributed \$1,255,189 to charitable causes.

Each of these entities, tracks and riverboats, require services from the community in which they exist. Each purchases a variety of goods and services from food and beverages to electricity to accounting and legal services to flowers and steel beams.

Since April 1, 1991, through November 30, 1992, The President, for example, has paid \$17,331,405 to vendors in the Quad Cities alone.

As an outgrowth of the racing industry in Iowa, the Iowa State University Racing Chemistry Section of the Veterinary Diagnostic Laboratory, located in Ames, Iowa, was created and has developed an expertise in drug detection, research and methodology acknowledged internationally. This laboratory was the first in the nation to develop the expertise and capability to test for anabolic steroids in equine. Further, Dr. Walter Hyde, Director of the Racing Chemistry Laboratory was the only representative from the United States to attend and present a research paper at an international meeting in Zimbabwe. Racing chemists throughout this country, and the world, come to Iowa State University to train in this field.

In recognition of its premiere expertise in racing chemistry, the Iowa State University Laboratory was recently awarded a contract to serve as the research and reference lab for the Association of Racing Commissioners International, an organization representing state and foreign countries. This contract, in the first year, brought \$300,000 of out-of-state research funds into the State of Iowa, funds which had previously (since 1965) been directed to Ohio State University.

In addition, Iowa State University currently provides testing services for the State of California. During the first ten months of the contract, more than \$120,000 was received. The laboratory also has a four-year contract with the State of Kansas. Receipts from that contract during the first year (July 1, 1991 through June 30, 1992) totalled \$327,238.

As a direct result of the pari-mutuel industry in Iowa and the expertise developed at Iowa State University in response to that industry need, Iowa State University has become the acknowledged leader in racing chemistry. The laboratory regularly employs seventeen individuals at a combined annual salary, including benefits, of \$473,424. Those salaries are funded entirely by racing chemistry revenue.

III. RIVERFRONT DEVELOPMENT

One of the stated purposes of the riverboat legislation was riverfront development. The riverfront in many of our cities had deteriorated with lack of use in recent years. With the arrival of the riverboats, the areas were renovated.

According to the information received from the cities and licensees, the following amounts have been expended in riverfront development with the arrival of the riverboats:

Davenport

The City spent approximately \$289,000 in connection with the riverfront renovation in recent years, most of which were legal or consultant fees.

The President Riverboat Casinos spent \$3,192,800 on the levy and \$650,000 on facility improvements on the waterfront.

Clinton

In Clinton, the boat operator spent approximately \$1,000,000 and the City expended approximately \$500,000 to develop the riverfront area.

Dubuque

\$7.7 million has been spent in the development and renovation of the riverfront in Dubuque. The City advanced \$4 million on the project and this amount was fully reimbursed by the nonprofit licensee in the first eight months of operation. The \$3.7 million balance was paid by the operator.

Sioux City

The City has spent approximately \$850,000 on riverfront development; the boat operator has made no cash expenditure on permanent waterfront development.

Fort Madison-Burlington-Keokuk

The City of Fort Madison spent \$2.6 million in developing their riverfront with the anticipation that riverboat gambling would be in their community for years to come. The City of Burlington invested approximately \$50,000 with the operator investing another \$35,000. In Keokuk, the city invested \$1 million in riverfront development.

IV. SOCIETAL IMPACT

Given the moral controversy surrounding the gambling industry and the difficulty in measuring the effect on individual lives, societal impact is difficult to objectively determine. In this area perhaps more than any other, one's moral convictions influence perceptions and dictate conclusions.

As noted in a five-year impact study prepared through the commission, "When the pari-mutuel industry came to Iowa, the critics of gambling often made the remark that betting in Iowa at the dog and horse tracks would bring the undesirable elements to our state." The Commission, in close cooperation with the Division of Criminal Investigation, continues to monitor for the infiltration of these negative influences.

As a starting point, the law enforcement agencies of the cities and counties in which tracks and/or riverboats are located were contacted. In relevant part, the following information was received:

"Our statistics show that any recent increases in crime in Black Hawk county has been drug related. In also checking with the Black Hawk County Attorney's Office, they indicate no knowledge of any crimes relating to the gambling in Black Hawk County.

In my personal opinion, the Waterloo Greyhound Park has had no negative impact upon the criminal justice system in Black Hawk County and in fact has been a positive factor in terms of employment and monies returned to the governing bodies."

Michael Kubik
Sheriff of Black Hawk County

"Prior to the Greyhound Park opening there was some concern in the law enforcement community, including the Waterloo Police Department, that this type of activity may adversely affect the crime rate in the community. Our experience since that time, however, has not shown this to be a fact. While crime rates have increased over the past several years, this increase is not attributed to the Greyhound Park or its operations. The major cause of any increase in the crime rate is due to the increased influx of drugs and narcotics into the community over the past several years. This increase in the influx of drugs into this area is not caused by or related to the Greyhound Park operation."

Bernal F. Koehrsen, Jr., Chief of Police
City of Waterloo

"When it was first announced that Dubuque had been selected to be the site of a greyhound racing track, staff members of the Police Department met to discuss the expected impact on our crime rate.

Early predictions indicated that we could anticipate an increase in illicit drug trafficking and use, prostitution, and some infiltration of organized crime.

We are just beginning our ninth season of racing and I have to say that none of these negative aspects have come to pass. There has been no appreciable escalation of our crime statistics which could be directly attributed to the greyhound track. Our involvement in terms of violations has been primarily misdemeanor offenses such as public intoxication and fighting (usually domestic in nature).

In conclusion, I would like to add that all our apprehensions have been put to rest. We are proud of our park and consider it to be one of the top tourist attractions our city has to offer."

Terry F. Lambert, Assistant Chief of Police
City of Dubuque

"The industry came to our county, first, the dog track and then riverboat gambling. I can say that I have not seen an increase in the inmate population in the county jail as a result of the gambling industry.

Because both the dog track and the docked riverboat are in the city limits of Dubuque, the Sheriff's Department is not the primary responding agency. However, if there were problems the Sheriff's Department would see an increase in its jail population. We have not seen that increase.

The gambling industry so far has not been a problem for the Dubuque County Sheriff's Department."

Leo J. Kennedy
Dubuque County Sheriff

"In reference to your inquiry on the impact riverboat gambling has had on crime in Scott County, it has had very little impact. There has been no noticeable increase in crime due to the new gaming industry. A possible exception to this may be an increase in car break-ins in our hotel and motel parking lots. We have, however, experienced an increase in vehicular traffic and parking problems around the boats."

Mike Bladel
Sheriff of Scott County

"Recently Police Chief Steve Lynn released a **Uniform Crime Report**. In this report, overall crime decreased in Davenport, which is one of the largest communities in the Quad Cities. The 1992 crime statistics show larceny/theft down by 521, burglaries down by 399 and robberies down by one from the 1991 crime totals.

I do not believe that riverboat gambling has brought an increase of crimes as was feared by many. In fact, the President Riverboat's private security has only asked for assistance with a disruptive passenger once or twice over the past two years."

Patrick J. Gibbs, Mayor
Davenport, Iowa

"I have been Sheriff of Pottawattamie County since January 1, 1993, and previous to that I was Sergeant of Investigations in the Sheriff's Department. To my knowledge Bluffs Run has had little or no effect on the criminal statistics that were previously mentioned."

Jefferey D. Danker, Sheriff
Pottawattamie County

"We are having a declining trend in the number of serious offenses reported in Council Bluffs. I don't feel that the opening of the dog track in 1986 has resulted in any serious impact for our department.

Bluffs Run has hired off-duty policy officers to work security and I believe this program has worked very well for all involved. The calls to the dog track are very minimal and have never proven to be very serious in nature.

I would like to emphasize that we have had a very good working relationship with the dog track. They have permitted our department to use their facilities for training purposes for our driver's training and our K-9 Unit. It has definitely been a positive impact on our department especially in this regard."

Mark E. Moline
Council Bluffs Chief of Police

From the state perspective, Darwin Chapman, the Director of the Division of Criminal Investigation was contacted. According to Mr. Chapman, organized crime has not infiltrated this state through the gambling industries and he has observed no negative impact on the crime rate resulting from the pari-mutuel and riverboat industries.

This is not a conclusion which either the DCI or the IRGC takes for granted, however. The agencies work closely together to protect the integrity of the sport or games. The gambling industry is very heavily regulated. There are two DCI agents assigned to each boat and one DCI agent is assigned to each track. Everyone working in the industry from the window teller to the management to the janitor to the individual who dispenses the soft drinks is licensed by the Commission and subjected to a DCI background check.

The impact of the addictive quality of gambling is more difficult to ascertain. The only information readily available comes from the Gamblers Assistance Program which is operated through the Department of Human Services. The following information was obtained from that program:

	<u>Fund Revenue</u>	<u>Expenditures</u>	<u>No. Served</u>
FY 86	\$413,633	\$ 9,844	N/A
FY 87	475,966	212,799	N/A
FY 88	623,540	400,429	258
FY 89	834,938	977,232	292
FY 90	815,197	815,197	351
FY 91	750,000*	670,719	362
FY 92	400,000*	250,000	306

A breakdown to determine the amount spent on advertising the program to identify clients and the dollars spent on actual service delivery was requested but not available.

V. STATE OF THE INDUSTRY

The pari-mutuel industry has been described as an industry in crisis. The statistics available support that conclusion. See Attachments A and B.

With the changes in the industry, including the opening of the Indian casinos and competition from neighboring states, and the total win from the riverboats have been impacted. See Attachments C and D.

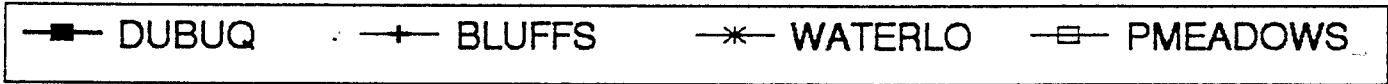
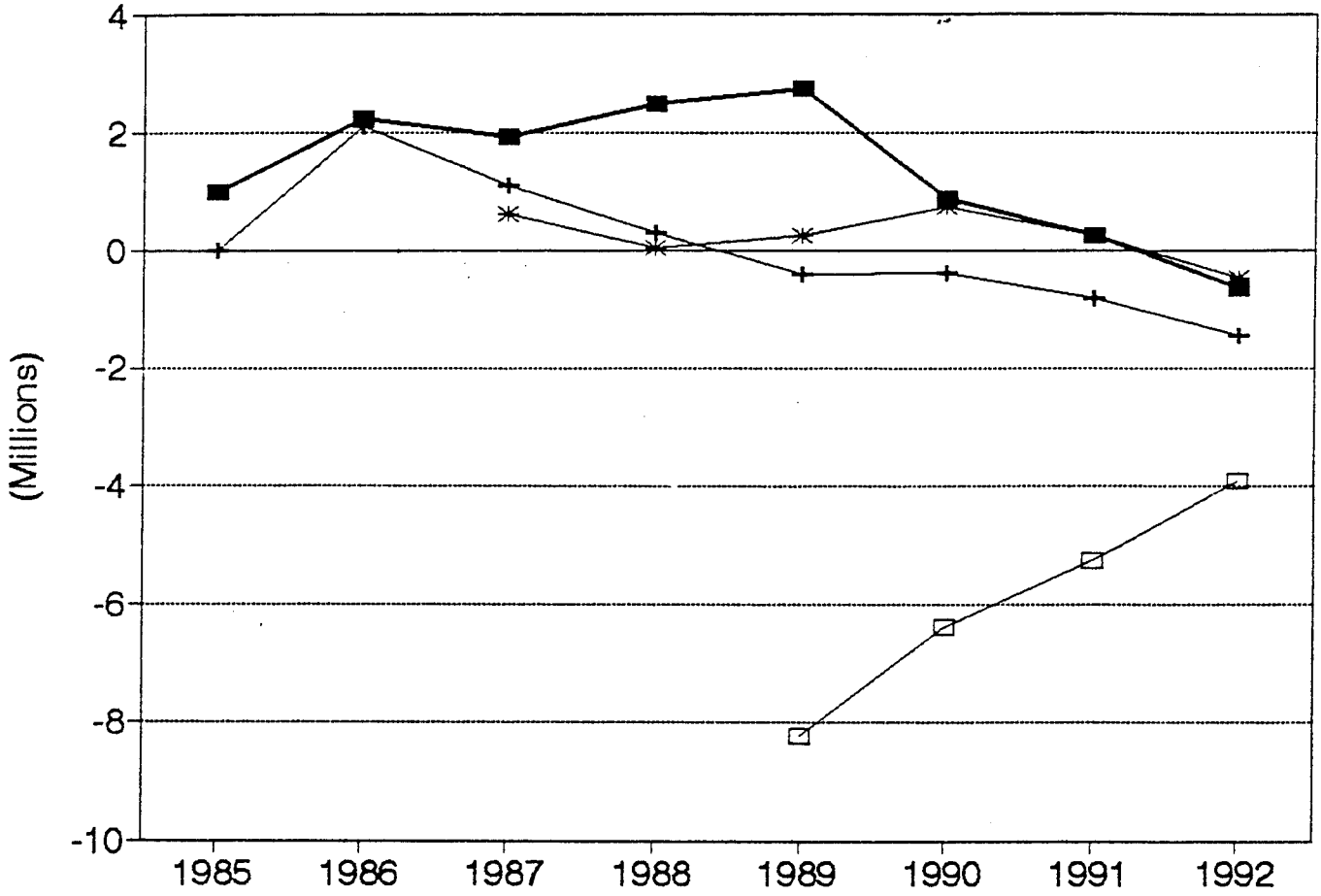
While IRGC has been simultaneously criticized by gambling critics for not lobbying against changes in the gambling laws and by industry advocates for not lobbying for changes in those same statutes, neither is the function of IRGC. We are not lobbyists or advocates for either interest group. Those decisions are most appropriately left with elected representatives.

We are regulators and view ourselves as such. The only time IRGC becomes involved in the legislative process is in providing information and addressing those issues which affect our ability to effectively regulate and maintain the integrity of the industry.

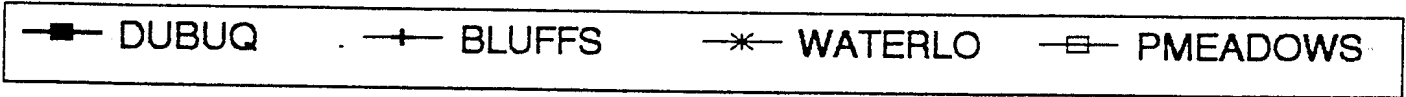
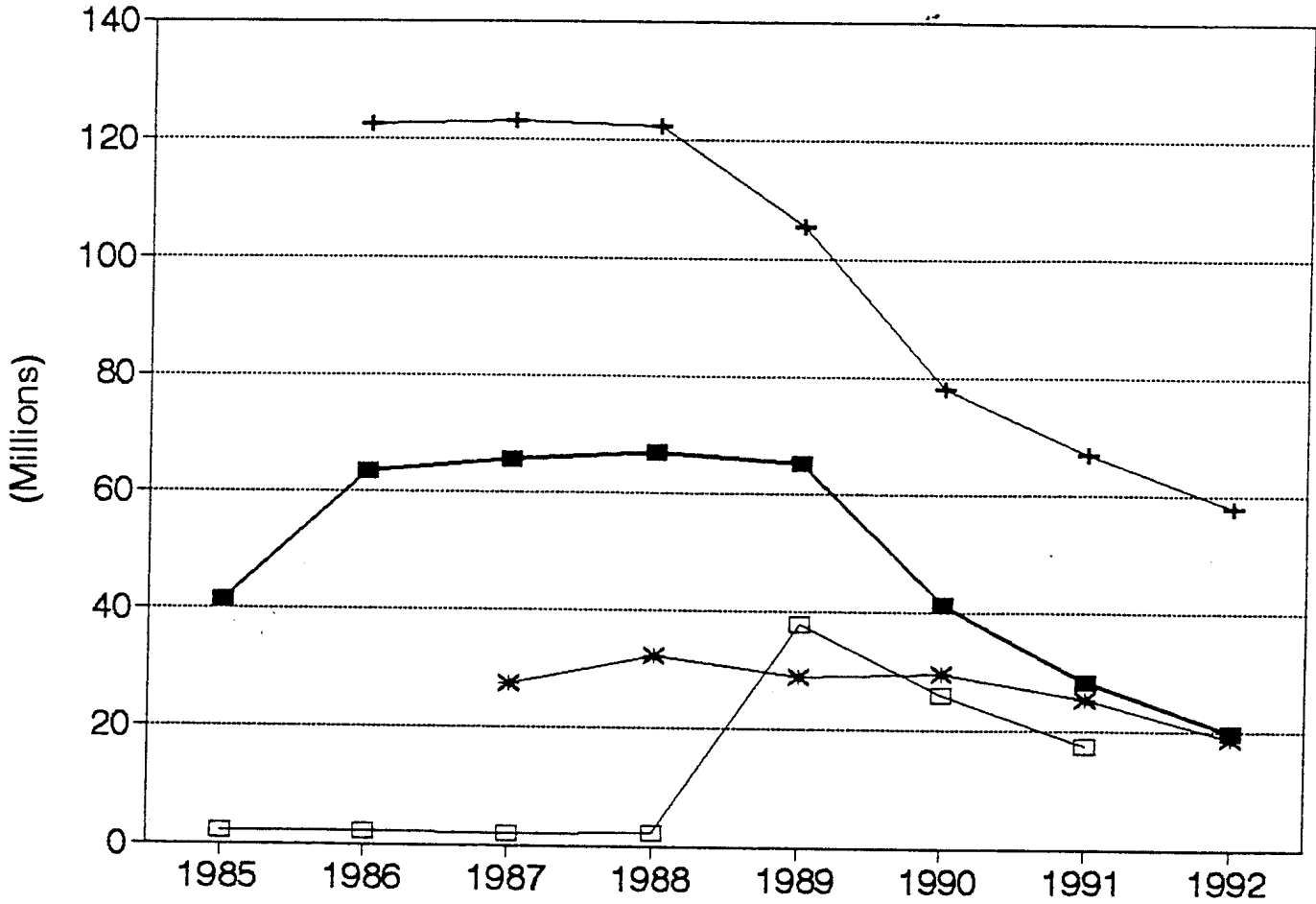
The future of these industries lies in the hands of the legislature and the people of Iowa.

Information Compiled 5/93

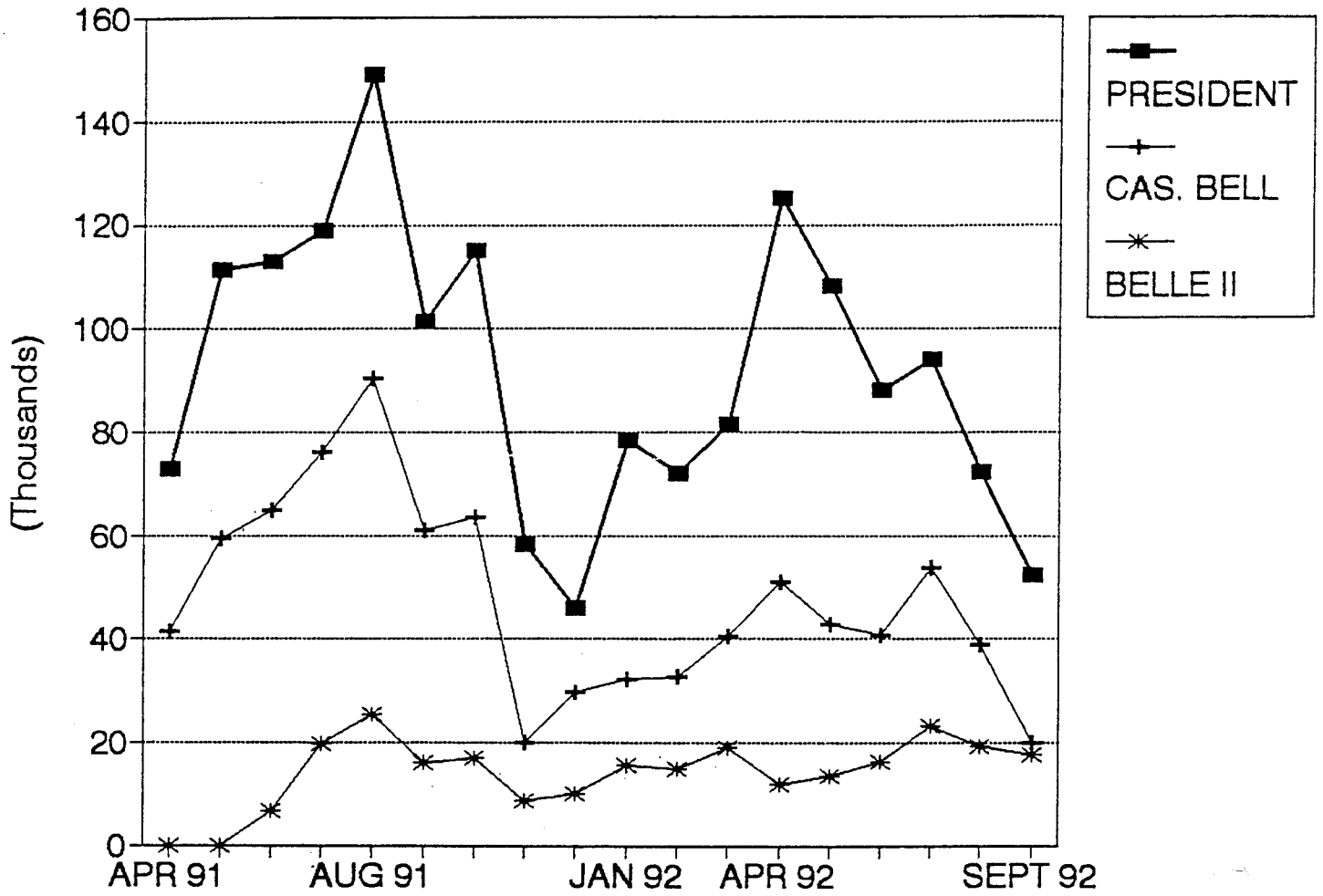
NET PROFIT & LOSS



HANDLE COMPARISON



RIVERBOAT ADMISSION COMPARISON



RIVERBOAT TOTAL WIN COMPARISON

