

# IOWA SPEEDWAY REBATE

## **Prior Law**

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The Iowa Speedway in Newton is eligible to receive a sales tax rebate for transactions on which sales tax was collected at the racetrack facilities between January 1, 2006 and January 1, 2016. However, no more than \$12.5 million in total rebates will be provided, and all sales tax rebates will cease upon a change of control in the ownership of the track.

The rebate offer is set to expire June 30, 2016, or 30 days after \$12.5 million in rebates have been provided, or a change of control in the entity that owns the track occurs, whichever happens first.

“Change of control” is defined as either (a) any change in the ownership of the legal entity which owns and operates the racetrack resulting in less than 25% of the equity interest in that entity being owned by individual residents of Iowa, an Iowa corporation, or both; or, (b) the original owners of the entity that owns and operates the racetrack no longer hold at least 25% of the voting equity in the entity.

“Iowa corporation” is defined as a corporation incorporated under the laws of Iowa at least 25% of which is owned by Iowa residents.

## **New Provisions**

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2014 Iowa Acts SF 2341 redefines “change of control” to mean only any change in the ownership of the legal entity which owns and operates the racetrack resulting in less than 25% of the equity interest in that entity being owned by individual residents of Iowa, an Iowa business, or both. A loss of more than 75% of the voting equity by the original owners no longer qualifies as a change of control.

References to “Iowa corporation” have been replaced by references to “Iowa business” throughout the statute. “Iowa business” is defined as a corporation or LLC, incorporated or formed under the laws of Iowa. There is no additional requirement for what percentage of a corporation or LLC must be owned by Iowa residents for the business to qualify as an “Iowa business” for the purposes of this statute.

The timeframe in which a rebate is available for transactions occurring at the racetrack is extended by 10 years. A rebate is now available for transactions occurring at the racetrack facilities between January 1, 2006 and January 1, 2026, if sales tax was collected on the transaction. The rebate offer expires June 30, 2026, or 30 days after \$12.5 million in rebates have been provided, or a change of control in the ownership of the track occurs, whichever happens first.

**Section Amended** \_\_\_\_\_

Section 1 of 2014 Iowa Acts Senate File 2341 amends section 423.4, subsection 5, paragraph a, subparagraphs (2), (3), and (4), Code 2014. Section 2 amends section 423.4 subsection 5, paragraph c, subparagraph (3), Code 2014. Section 3 amends section 423.4, subsection 5, paragraph g, Code 2014.

**Effective Date** \_\_\_\_\_

Effective retroactively to November 1, 2013.