

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 3177

DATE: April 15, 2004

Version: As introduced

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Subject: Franchise fee on card club

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Overview

This bill imposes a five percent franchise fee on the card club at Canterbury Downs (starting July 1, 2004) as a condition of its continued operation.

Section

- 1** **Franchise fee.** Requires a pari-mutuel licensee to pay a five percent franchise fee to the Racing Commission as a condition for operating a card club. This fee would be imposed on the card club's gross revenues (i.e., amounts charged for table rents or the club's percentage of "pots"). The fee would be paid, collected, and administered by the Racing Commission in the same manner as the tax on pari-mutuel betting. Amounts paid are deposited in the state general fund.

The fee does not affect the licensee's obligation to pay a share of gross revenues to the breeder's fund and for horse racing purses. These computations would continue to be made in the same manner as before imposition of the fee, i.e., the fee would not be deducted before applying the percentages to be paid for those purposes.

Effective date: Charges and revenues received after June 30, 2004.