RA 26-206

RACING AND GAMING COMMISSION[491]

Regulatory Analysis

Notice of Intended Action to be published: 491—Chapter 5
"Track, Gambling Structure, and Excursion Gambling Boat Licensees' Responsibilities"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 99D.4, 99D.6 through 99D.9, 99D.11, 99D.19, 99D.20, 99F.1, 99F.3, 99F.4, 99F.4B, 99F.4D, 99F.5, 99F.7, 99F.7A, 99F.12, and 99F.13

State or federal law(s) implemented by the rulemaking: Iowa Code chapters 99D and 99F

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

August 25, 2026 9 a.m.	6200 Park Avenue, Suite 100 Des Moines, Iowa
August 25, 2026 2 p.m.	6200 Park Avenue, Suite 100 Des Moines, Iowa

Public Comment

Any interested person may submit written comments concerning this Regulatory Analysis, which must be received by the Iowa Racing and Gaming Commission (Commission) no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

Barb Blake
Iowa Racing and Gaming Commission
6200 Park Avenue, Suite 100
Des Moines, Iowa 50321
Email: barb.blake@iowa.gov

Purpose and Summary

In accordance with Executive Order 10, the Commission is reviewing all its rules prior to the agency review date of December 31, 2026.

Chapter 5 of the Commission's rules establishes uniform responsibilities for Iowa casino and racetrack licensees, including physical facility requirements, some personnel requirements, base security requirements, additional details about statutorily required audits, and requirements for submission of contracts to receive Commission approval.

The proposed rulemaking consolidates, reduces, or eliminates some rules in accordance with Executive Order 10. In particular, many provisions (and one entire rule) related to excursion boats have been proposed for removal since there are no remaining excursion boats that embark on cruises. Another example is the proposed removal of a subrule addressing promotional play receipts, which has been superseded by statute.

In addition, the proposed rulemaking reorganizes and renumbers the chapter to include a new rule of definitions and to create a standalone rule for provisions related to Commission approval of licensees' contracts that meet certain criteria. This contract-approval rule is one subrule within a larger one in existing Chapter 5 but is detailed enough to warrant its own rule in proposed Chapter 5. In conjunction with creating a standalone rule, the threshold for submitting contracts to the Commission for approval are proposed for modification from a floor of $100,000 in contract value to a floor of

$150,000. The standalone proposed rule also includes several specific examples of agreements that are not required to be submitted for Commission approval and adds a requirement that licensees seeking approval of an individual debt transaction must submit final transaction documents to the Commission after the transaction closes.

Analysis of Impact

1. **Persons affected by the proposed rulemaking:**

- **Classes of persons that will bear the costs of the proposed rulemaking:**

The costs of compliance will be borne by licensees or prospective licensees. These classes of persons are already bearing the costs of compliance with Chapter 5.

- **Classes of persons that will benefit from the proposed rulemaking:**

Licensees may also benefit from the proposed rulemaking. Several of the proposed repromulgated rules reduce licensees' submission requirements or otherwise make compliance easier. For example, increasing the contract-approval threshold to $150,000 will benefit licensees by requiring them to spend less time preparing paperwork for contract approval submissions when the contract falls beneath the threshold.

2. **Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:**

- **Quantitative description of impact:**

Licensees are currently required to conduct an independent network security risk assessment every other year. The proposed rulemaking would increase that frequency to an annual requirement, which means licensees may incur additional costs to retain a risk assessment testing organization each year.

- **Qualitative description of impact:**

If the proposed rulemaking is adopted, the Commission anticipates it will need to review fewer individual contracts during each meeting, which could shorten the length of meetings.

3. **Costs to the State:**

- **Implementation and enforcement costs borne by the agency or any other agency:**

The proposed rulemaking is not anticipated to increase implementation and enforcement costs for the Commission. The increased frequency for network security risk assessments is anticipated to be absorbed into Commission staff's regular duties.

- **Anticipated effect on State revenues:**

The proposed rulemaking is not anticipated to affect State revenues.

4. **Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:**

The proposed rulemaking is required under Executive Order 10.

5. **Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:**

Not applicable.

6. **Alternative methods considered by the agency:**

- **Description of any alternative methods that were seriously considered by the agency:**

Not applicable.

- **Reasons why alternative methods were rejected in favor of the proposed rulemaking:**

Not applicable.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.
- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.
- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

The proposed rulemaking is not anticipated to have a substantial impact on small business.

Text of Proposed Rulemaking

ITEM 1. Rescind 491—Chapter 5 and adopt the following **new** chapter in lieu thereof:

CHAPTER 5
TRACK, GAMBLING STRUCTURE, AND EXCURSION GAMBLING BOAT LICENSEES' RESPONSIBILITIES

491—5.1(99D,99F) Definitions.

"Administrator" means the administrator of the commission appointed under Iowa Code section 99D.6(2) or the administrator's designee.

"Barge" means any stationary structure approved by the commission, where the entire gaming floor is located on or near a body of water in accordance with Iowa Code section 99F.7(1), and which facility is subject to land-based building codes rather than maritime or Iowa department of natural resources inspection laws and regulations.

"Excursion boat" means a subtype of excursion gambling boat defined by Iowa Code section 99F.1(11) that may contain more than one vessel. To be utilized for gaming purposes, the vessel containing the casino must either contain a permanent means of propulsion or have its means of propulsion contained in an attached vessel. If the vessel containing the casino is propelled by a second vessel, the boat will be considered self-propelled only when the vessels are designed, constructed, and operated as a single unit.

"Excursion gambling boat" means an excursion boat or moored barge as described in Iowa Code section 99F.1(12) with a minimum passenger capacity of 250.

"Related party" means any one of the following having any beneficial interest in any other party with whom a facility is seeking to negotiate an agreement:

1. Any corporate officer or member of a facility's board of directors.
2. Any owner with more than a 5 percent interest in a facility.
3. A member of either the qualified sponsoring organization or the qualifying organization under Iowa Code section 99D.8 associated with a facility.

"Restricted area" means any area of a facility to which general public access is not permitted, including but not limited to the barn area, paddock, horse drug testing area, back of house, and designated gaming floor and wagering areas.

491—5.2(99D,99F) General licensee responsibilities. The requirements placed upon an applicant become a requirement to the licensee once a license has been granted. Every license is granted upon the condition that the license holder accepts, observes, and enforces the rules and regulations of the commission. It is the affirmative responsibility and continuing duty of each officer, director, and employee of a licensee to comply with the requirements of the application, to comply with the conditions of the license, and to observe and enforce the rules. The holding of a license is a privilege.

The burden of proving qualifications for the privilege to receive any license is on the licensee at all times. A licensee must accept all risks of adverse public notice or public opinion, embarrassment, criticism, or financial loss that may result from action with respect to a license. Licensees further covenant and agree to hold harmless and indemnify the commission from any claim arising from any action of the commission in connection with that license.

491—5.3(99D,99F) Annual audits. Licensees submit audits to the commission as required by Iowa Code sections 99D.20 and 99F.13.

5.3(1) The audit of financial transactions and condition of a licensee's operation must include:

a. An internal control letter;

b. Documentation that the audit was conducted by certified public accountants authorized to practice in the state of Iowa under Iowa Code chapter 542;

c. A balance sheet; and

d. A profit-and-loss statement pertaining to the licensee's activities in the state, including a breakdown of expenditures and subsidies. For licensees that conduct retail sports wagering without the use of a vendor, these breakdowns must include retail sports wagering operations.

5.3(2) If the licensee's fiscal year does not correspond to the calendar year, the report must include a supplemental schedule indicating financial activities on a calendar-year basis.

5.3(3) In the event of a license termination, change in business entity, or material change in ownership, the administrator may require an interim report as of the date of occurrence of the event. The filing due date is 30 calendar days after notification to the licensee or 30 calendar days after the date of the occurrence of the event, whichever is later. The administrator may grant an extension of the due date if requested by the licensee.

5.3(4) An engagement letter for the audit between the licensee and auditing firm must be available upon request. The engagement letter requirement does not apply to the licensed qualified sponsoring organization. Conditions of engagement for the audit must include at a minimum the following:

a. The auditing firm must report any material errors, irregularities or illegal acts that come to the firm's attention during the course of an audit to the licensee's audit committee or senior management as required by the rules of professional conduct that apply to the auditing firm. The licensee must report such material errors, irregularities or illegal acts to the commission in a timely manner following reporting to the licensee's audit committee or senior management.

b. The auditing firm must inform the commission in writing of matters that come to the firm's attention that represent significant deficiencies in the design or operation of the internal control structure.

c. The audit supervisor or an audit staff member conducting the audit must have experience or training in the gaming industry.

d. The auditing firm agrees to respond timely to all reasonable requests of successor auditors.

e. The auditing firm agrees, if requested by the commission, to provide licensee management and the commission with recommendations designed to help the licensee make improvements in its internal control structure and operation and other matters that are discovered during the audit.

5.3(5) For a licensed subsidiary of a parent company, an audit of the parent company may be filed with the following conditions:

a. The consolidated financial statements include in the supplemental schedule, or elsewhere as determined by the licensee and auditing firm, the following for each licensee:

(1) Balance sheets.

(2) Statements of operations.

(3) Statements of cash flows.

(4) Schedules of operating expenses.

(5) Schedules of adjusted gross revenue and taxes and fees paid to governmental agencies.

b. Any internal audit staff assisting with the audit must report any material errors, irregularities or illegal acts that come to the staff's attention during the course of an audit to the licensee's audit committee or senior management as required by the rules of professional conduct. The licensee will report such material errors, irregularities or illegal acts to the commission in a timely manner following reporting to the licensee's audit committee or senior management.

c. All other requirements in this rule are met and included for each entity licensed in Iowa unless the commission or administrator grants an exception in writing.

5.3(6) The annual audit report required by Iowa Code section 99D.20 must include a schedule detailing the following information:

a. Number of performances.

b. Attendance.

c. Regulatory fee.

d. Total mutuel handle and taxes paid to the state, city, and county.

e. Unclaimed winnings.

f. Purses paid indicating sources.

g. Total breakage and disbursements.

h. The disbursements of 1 percent of exotic wagers on three or more horses.

5.3(7) The annual audit report required by Iowa Code section 99F.13 must include:

a. A schedule detailing a weekly breakdown of adjusted gross revenue; taxes paid to the state, city, county, and county endowment fund; and regulatory fees.

b. A report on whether material weaknesses in internal accounting control exist.

491—5.4(99D,99F) Information reporting and requests.

5.4(1) *Specific commission requests.* The licensee must submit all information specifically requested by the commission or commission representative.

5.4(2) *Incident reporting.* The licensee must immediately notify the commission and DCI representatives on duty or, if representatives are not on duty, provide notification in a manner previously agreed upon by the representatives of any incident involving employee theft, criminal activity, Iowa Code chapter 99D or 99F violations, or discrepancies or variances affecting gaming receipts. In addition to immediate notification, the licensee must, within 72 hours, file a written report for any incident in which an employee or patron is detected violating a provision of Iowa Code chapter 99D or 99F, a commission rule or order, or internal controls or is removed for reasons specified under paragraph 5.6(5)*"b."* The written report must contain sufficient details for the commission to evaluate the incident.

491—5.5(99D,99F) Commission approval of contracts and business arrangements. All contracts and business arrangements, written or verbal, entered into by a facility that expend, encumber, or loan facility assets or make payments to the facility are subject to approval by the commission.

5.5(1) *Qualifying agreements or arrangements.* For this rule's purposes, a qualifying agreement or arrangement is limited to any circumstance where:

a. The total value in a calendar year exceeds $150,000, regardless of payment method;

b. A related party is involved. Agreements between the facility and a related party must be accompanied by an economic and qualitative justification;

c. The term exceeds three years and the overall value exceeds $50,000;

d. A previously approved qualifying agreement exceeds the approved amount in a calendar year by the greater of $100,000 or 25 percent;

e. The commission's approval date of a previously approved qualifying agreement is more than five years old;

f. Regardless of value or term, a third party provides electronic or mechanical access to cash or credit for a patron of the facility; or

g. The licensee or licensee's parent company is entering a debt transaction involving more than $3 million that assigns an obligation to a licensee, except a debt transaction previously approved under subrule 5.6(19). The request for approval must include:

(1) The name and address of all parties;

(2) The amount and source of funds;

(3) The nature and amount of security and collateral provided;

(4) The specific nature and purpose of the transaction;

(5) The term sheet or executive summary of the transaction; and

(6) An agreement to provide final transaction documents to the commission within ten days of execution.

5.5(2) *Exempt agreements or arrangements.* For this rule's purposes, a qualifying agreement does not include:

a. Any payment to a unit of government for taxes or fees.

b. Any payment to an entity that provides water, sewer, gas, or electric utility services to the facility.

c. Disposal of facility assets to a government entity or nonprofit.

d. A union or employment contract.

e. A settlement agreement.

f. Any payment to entities licensed pursuant to 491—Chapter 11 to obtain gambling games and implements of gambling as defined in 491—Chapter 11.

5.5(3) *Timing of submission.* A qualifying agreement must be approved by the commission within 60 days of execution if made in Iowa or within 30 days of execution if not made in Iowa. Commission approval must be obtained prior to implementation unless the qualifying agreement contains a written clause stating that the agreement is subject to commission approval and the qualifying agreement is submitted to commission staff prior to implementation. Qualifying agreements need only be submitted on initiation unless:

a. There is a material change in terms;

b. There is noncompliance with paragraph 5.5(4)*"d"*; or

c. An agreement has been previously approved and later becomes subject to paragraph 5.5(1)*"d"* or *"e."*

5.5(4) *Purpose of review.* The commission conducts reviews to serve the public interest and ensure that:

a. Gaming is free from criminal and corruptive elements.

b. Gaming-related funds are directed to the lawful recipient.

c. Gaming profits are not improperly distributed.

d. Iowa resources, goods, and services are utilized. A facility utilizes a substantial amount of Iowa resources, goods, services, and entertainment in compliance with Iowa Code sections 99D.9 and 99F.7(5) if the facility demonstrates to the commission's satisfaction that preference was given to the extent allowed by law and other competitive factors. Resources, goods, and services are considered to be made in Iowa, be provided by Iowans, or emanate from Iowa if one or more of the following apply:

(1) Goods are manufactured in Iowa.

(2) Goods are distributed through a distributor located in Iowa.

(3) Goods are sold by a retailer or wholesaler located in Iowa.

(4) Resources are produced or processed in Iowa.

(5) Services are provided by a vendor whose headquarters or home office is in Iowa.

(6) Goods, resources, or services are provided by a vendor whose headquarters or home office is located outside Iowa but who has a tangible business location (not simply a post office box) and does business in Iowa.

(7) Services beyond selling are provided by employees who are based in Iowa.

5.5(5) *Review criteria.* The commission will approve qualifying agreements that, in the commission's sole opinion, represent a normal business transaction. The commission may impose

conditions on approval. The commission may deny approval of any agreement that, in the commission's sole opinion, represents a distribution of profits that differs from commission-approved ownership and beneficial interest. This subrule does not prohibit the commission from changing the approved ownership or beneficial interest.

491—5.6(99D,99F) Uniform requirements.

5.6(1) *Maintenance of premises and facilities.* Each licensee will at all times maintain its premises and facilities so as to be neat and clean, adequately lit and illuminated, well landscaped, painted and in good repair, handicapped accessible, with special consideration for the comfort and safety of patrons, employees, and other persons whose business requires their attendance. Maintenance of the premises also includes systematic and effective insect, rodent, and pest control for all areas of the premises.

5.6(2) *Facilities for commission.* Each licensee must provide reasonable, adequately furnished office space for the exclusive use of commission employees and officials, including utilities, direct long-distance access for voice and data lines, custodial services, and necessary office equipment. The licensee should also make available appropriate parking places for commission staff.

5.6(3) *Sanitary facilities for patrons.* Each licensee must, on every day of operation, provide adequate and sanitary toilets and washrooms and furnish free drinking water for patrons and persons having business on the licensee's premises.

5.6(4) *First-aid.* During all hours of operation, each licensee must equip and maintain adequate first-aid facilities and have at a minimum one employee certified in cardiopulmonary resuscitation (CPR), first aid, and the use of an automated external defibrillator (AED). Each licensee must have a properly functioning and readily accessible AED at the licensee's facility.

5.6(5) *Security.*

a. Security plan. Each licensee must prepare a security plan that is subject to commission approval. The security plan must include at least the following items, along with other information as the commission may require:

(1) Security department staff minimum qualifications and training.

(2) Security staffing levels and schedule.

(3) Coverage provided by certified peace officers.

(4) Incident reporting procedures.

(5) The facility's emergency preparedness plan.

b. Employ adequate security. Each licensee must employ sufficient security to remove from the licensed premises a person violating a provision of Iowa Code chapter 99D or 99F, commission rules, or orders; any person deemed to be undesirable by commission officials; or any person engaging in a fraudulent practice. Security must also be provided in and about the premises to secure restricted areas.

c. Ejection or exclusion.

(1) A licensee may eject or exclude any person, licensed or unlicensed, from the premises or a part thereof of the licensee's facility, solely of the licensee's own volition and without any reason or excuse given, provided ejection or exclusion is not founded on constitutionally protected grounds such as race, creed, color, disability, or national origin.

(2) Reports of all ejections or exclusions for any reason, other than voluntary exclusions, must be made promptly to the commission representative and DCI and state the circumstances of, or reason for, the ejection or exclusion. The name of the person must be reported when the person is ejected or excluded for more than one gaming day.

(3) The commission may exclude any person ejected by a licensee from any or all pari-mutuel facilities, gambling structures, or excursion gambling boats controlled by any licensee upon a finding that attendance of the person would be adverse to the public interest.

5.6(6) *Firearms possession within licensed facility.*

a. A patron or employee of the licensee, including the security department members, cannot possess or be permitted to possess any pistol or firearm within a licensed facility without the express written approval of the administrator unless the person is a peace officer who is:

(1) On duty, acting in the peace officer's official capacity; or

(2) Possessing a valid peace officer permit to carry weapons, employed by the licensee, and authorized by the administrator to possess such pistol or firearm while acting on behalf of the licensee within that licensed facility.

b. Each licensee must post in a conspicuous location at each entrance a sign that may be easily read stating, "Possession of any firearm within the licensed facility without the express written permission of the Iowa racing and gaming commission is prohibited".

5.6(7) *Video recording.* Licensees must conduct continuous surveillance with the capability of video recording all on-site gambling activities under applicable administrative rules promulgated by the department of public safety.

a. "Gambling activities" means participating in any form of wagering as defined by Iowa Code chapter 99F and approved by the commission; the movement, storage, and handling of uncounted gambling revenues; manual exchange of moneys for forms of wagering credit on the gaming floor; entrance of the public onto the gaming floor; and any other activity as determined by the administrator.

b. Commission and DCI representatives must have unrestricted access to and use of, including independent access capabilities, both live and recorded views and images of the surveillance system.

c. A commission representative may allow a gambling game to be placed in operation pending approval of surveillance coverage.

d. A facility may include capabilities within the surveillance system for video recording of other areas of a facility and grounds, provided that commission and DCI access is unrestricted.

5.6(8) *Checks.* All checks accepted must be deposited in a bank by the close of the banking day following acceptance.

5.6(9) *Taxes and fees.*

a. Annual taxes and fees. All taxes and fees, whose collection is authorized under Iowa Code chapters 99D and 99F, must be accounted for on a fiscal year basis, each fiscal year beginning on July 1 and ending on June 30.

b. Submission of gambling game taxes and fees.

(1) All moneys collected for and owed to the commission or state of Iowa under Iowa Code chapter 99F must be accounted for and itemized on a weekly basis in a format approved by the commission. Each day on the report must be an accurate representation of the gaming activities. A week begins on Monday and ends on Sunday.

(2) The reporting form is due to the commission office by noon on Wednesday following the week's end. The moneys owed, according to the reporting form, must be received in the treasurer's office by 11 a.m. on the Thursday following the week's end.

c. Submission of sports wagering net receipts taxes.

(1) A tax is imposed on the sports wagering net receipts received each fiscal year from sports wagering, which must be accounted for on a cash accounting basis. Voided and canceled transactions are not considered receipts for the purpose of this calculation.

(2) All moneys collected for and owed to the state of Iowa under Iowa Code chapter 99F for the payment of sports wagering taxes must be accounted for and itemized on a monthly basis, in a format approved by the commission, by noon on Wednesday following a gaming week's end in which the completed gaming week includes the last day of the month. All sports wagering taxes owed must be received in the treasurer's office by 11 a.m. on the Thursday after accounting and itemization is due in the commission office. If sports wagering net receipts for a month are negative, a credit for sports wagering taxes may be given in the subsequent month.

(3) Licensees under Iowa Code section 99F.7 or 99F.7A are responsible for the payment of all sports wagering taxes.

(4) Each licensee must establish controls, subject to approval by the administrator, which easily allow for the designation and recording of sports wagering net receipts to an individual licensee and the redemption of winnings to the respective licensee.

5.6(10) *Rate of tax revenue.* Each licensee must prominently display at the licensee's gambling facility the annual percentage rate of state and local tax revenue collected by state and local government from the gambling facility annually.

5.6(11) *Responsible gaming, self-exclusion, and problem gambling.*

a. A licensee must adopt and implement policies and procedures designed to:

(1) Identify problem gamblers;

(2) Comply with the process established by the commission to allow a person to be voluntarily excluded pursuant to Iowa Code sections 99D.7(23) and 99F.4(22) from all licensed entities and all gambling activities defined in Iowa Code chapters 99D, 99E, and 99F;

(3) Allow persons to be voluntarily excluded for five years or life from all facilities on a form prescribed by the commission. Each facility will disseminate information regarding the exclusion to all other licensees and the commission; and

(4) Identify the availability of technology on a device that provides electronic or mechanical access to cash or credit for a patron of the facility that would allow for a person to voluntarily bar the person's access to receive cash or credit from such devices located on the licensed premises and provide the process for a person to do so. Methods of identification must be prominently displayed and indicate the availability of the process prior to a transaction taking place.

b. The policies and procedures must be developed in cooperation with the gambling treatment program and include without limitation the following:

(1) Training of key employees to identify and report suspected problem gamblers;

(2) Procedures for recording and tracking identified problem gamblers;

(3) Policies designed to prevent serving alcohol to intoxicated patrons on the gaming floor or wagering area;

(4) Steps for removing problem gamblers from the gaming floor or wagering area;

(5) Procedures for preventing reentry of problem gamblers;

(6) Procedures to prominently display problem gambling materials produced by the Iowa gambling treatment program throughout the facility with at least one display located in a high-traffic area of patrons; and

(7) Procedures for a licensee's website to include a link to the commission's website for individuals to self-exclude themselves pursuant to Iowa Code sections 99F.4(22) and 99D.7(23).

c. A licensee must include information on the availability of the gambling treatment program in a substantial number of its advertisements and printed materials.

d. Money forfeited by a voluntarily excluded person pursuant to Iowa Code sections 99D.7(23) and 99F.4(22) must be withheld by the licensee and remitted to the general fund of the state by the licensee under Iowa Code chapters 99D and 99F.

e. Facilities are expressly prohibited from permitting persons who are visibly intoxicated to participate in gaming, pari-mutuel wagering, or sports wagering activity. Permitting visibly intoxicated persons to participate in gaming or wagering may subject a facility to administrative action.

5.6(12) *Records regarding ownership.*

a. In addition to other records and information required by these rules, each licensee must maintain the following records regarding the equity structure and owners:

(1) Corporation licensee:

1. A certified copy of articles of incorporation and any amendments thereto.
2. A copy of bylaws and amendments thereto.
3. A current list of officers and directors.
4. Minutes of all meetings of stockholders and directors.

5. A current list of all stockholders and stockholders of affiliates, including their names and the names of beneficial shareholders.

6. A complete record of all transfers of stock.

7. A record of amounts paid to the corporation for issuance of stock and other capital contributions and dates thereof.

8. A record, by stockholder, of all dividends distributed by the corporation.

9. A record of all salaries, wages, and other remuneration (including perquisites), direct and indirect, paid by the corporation during the calendar or fiscal year to all officers, directors, and stockholders with an ownership interest at any time during the calendar or fiscal year, equal to or greater than 5 percent of the outstanding stock of any class of stock.

(2) Partnership licensee:

1. A schedule showing the amounts and dates of capital contributions, the names and addresses of the contributors, and percentage of interest in net assets, profits, and losses held by each.

2. A record of the withdrawals of partnership funds or assets.

3. A record of salaries, wages, and other remuneration (including perquisites), direct and indirect, paid to each partner during the calendar or fiscal year.

4. A copy of the partnership agreement and certificate of limited partnership, if applicable.

(3) Sole proprietorship licensee:

1. A schedule showing the name and address of the proprietor and the amount and date of the original investment.

2. A record of dates and amounts of subsequent additions to the original investment and withdrawals therefrom.

3. A record of salaries, wages, and other remuneration (including perquisites), direct or indirect, paid to the proprietor during the calendar or fiscal year.

b. All records regarding ownership should be located in a place approved by the commission.

c. If the licensee is publicly held, upon the request of the administrator, the licensee must submit to the commission one copy of any report required to be filed by such licensee or affiliates with the Securities and Exchange Commission (SEC) or other domestic or foreign securities regulatory agency. If the licensee is privately held, upon the request of the administrator, the licensee shall submit financial, ownership, or other entity records for an affiliate.

5.6(13) *Retention, storage, and destruction of books, records, and documents.*

a. Except as otherwise provided, all original books, records, and documents pertaining to the licensee's operations must be:

(1) Prepared and maintained in a complete and accurate form.

(2) Retained at a site approved by the administrator until audited.

(3) Held immediately available for inspection by the commission during business hours of operations.

(4) Organized and indexed in such a manner as to provide immediate accessibility to the commission.

b. For the purpose of this subrule, "books, records, and documents" means any book, record, or document pertaining to or prepared or generated by the licensee including but not limited to all forms, reports, accounting records, ledgers, subsidiary records, computer-generated data, internal audit records, correspondence, contracts, and personnel records, including information concerning a refusal to submit to drug testing and test results conducted pursuant to Iowa Code section 730.5.

c. All original books, records, and documents of a physical nature may be copied and stored in a suitable electronic media system approved by the administrator, provided that the media system is backed up offsite to preserve the data in the event of a catastrophic onsite occurrence.

d. No original book, record, document, or suitable electronic media copy may be destroyed by a licensee, for three years, without the prior approval of the administrator.

e. Any licensee that offers electronic wagering accounts, as defined by rule 491—12.1(99F), must prepare a disaster recovery plan that addresses off-site backups or equivalent. All disaster

recovery plans must incorporate industry standards for retention and storage of wagering account information and are subject to review as part of the network security risk assessment required by subrule 5.6(20).

5.6(14) *Remodeling.* For any construction that changes the specific function of a public space of the facility, the licensee must first submit plans to and receive the approval of the administrator.

5.6(15) *Officers, agents, and employees.* Licensees are accountable for the conduct of their officers, agents, and employees. The commission or commission representative reserves the right to impose penalties against the license holder or its officer, agent, employee, or both, as the commission or commission representative determines appropriate. In addition, the licensee is responsible for the conduct of nonlicensed employees and other persons working on behalf of the licensee in public and nonpublic areas of the excursion gambling boat, gambling structure, or racetrack enclosure.

5.6(16) *Designated gaming floor.* The designated gaming floor is all areas occupied by or accessible from a gambling game not otherwise obstructed by a wall, door, partition, barrier, or patron entrance. A patron entrance should be identified by a sign visible to patrons approaching the gaming floor. The sign must denote entrance to the gaming floor and specify that the gaming floor is not accessible to persons under the age of 21. A floor plan identifying the area must be filed with the administrator for review and approval. Modification to a previously approved plan must be submitted for approval at least ten days prior to implementation.

5.6(17) *State fire and building codes.*

a. Unless preempted by state or federal law, facilities must comply with the state building code created by Iowa Code chapter 103A if there is no local building code in force in the local jurisdiction in which the facility is located. If a facility is subject to the state building code, a licensee must submit construction documents and plans to the state building code commissioner and receive approval prior to construction.

b. If there is no enforcement of fire safety requirements by a local fire department, a licensee must also submit construction plans and documents to the state fire marshal and receive approval prior to construction. The fire marshal may cause a facility subject to this paragraph to be inspected for compliance with fire marshal rules prior to operation of the facility and will notify the commission and the licensee of the results of any such inspection.

c. If a proposed new or renovated facility is subject to both paragraphs 5.6(17)*"a"* and *"b,"* a single submission of construction plans and documents to the building code commissioner, with a cover letter stating that review and approval are required with respect to both the state building code and rules of the fire marshal, is sufficient to meet both requirements. Facilities subject to both paragraphs 5.6(17)*"a"* and *"b"* must receive approval from both the fire marshal and the building code commissioner prior to construction.

5.6(18) *Gambling setoff.* Each licensee must adopt and implement internal controls designed to detect, verify, and appropriately set off winnings of patrons who have a valid lien established under Iowa Code chapters 99D and 99F.

5.6(19) *Shelf application for debt.*

a. The commission may grant approval of a shelf application for a period not to exceed three years.

b. Licensees whose parent company has issued publicly traded debt or publicly traded securities may apply to the commission for a shelf approval of debt transactions if the parent company has:

(1) A class of securities listed on the New York Stock Exchange, the American Stock Exchange or the National Association of Securities Dealers Automatic Quotation System (NASDAQ) or has stockholders' equity in the amount of $15 million or more as reported in the parent company's most recent report on Form 10-K or Form 10-Q filed with the SEC immediately preceding application; and

(2) Filed all reports required by the SEC.

c. The application must be in writing and contain:

(1) Proof of qualification to make the application in accordance with the criteria of this subrule.

(2) A statement of the amount of debt sought to be approved and the intended use of potential proceeds.

(3) Duration sought for the shelf approval.

(4) Financing rate sought during shelf approval.

(5) Evidence of signature by authorized representative of the licensee under oath.

(6) Other supplemental documentation requested by the commission or commission representative following the initial submission.

d. Once an application is approved by the commission:

(1) The licensee must notify the commission representative of all debt transactions within ten days of consummation, including subsequent amendments and modifications of debt transactions, and provide executed copies of the documents evidencing the transactions as may be required.

(2) The commission representative may rescind a shelf approval without prior written notice. The rescission will be in writing and set forth the reasons for the rescission, and will remain in effect until lifted by the commission upon the satisfaction of any terms and conditions required by the commission.

5.6(20) *Network security.*

a. The licensee must annually submit the results of an independent network security risk assessment to the administrator for review, subject to the following requirements:

(1) The testing organization must be independent of the licensee and be qualified by the administrator.

(2) The network security risk assessment must be completed no later than March 31 each year.

(3) Results from the network security risk assessment are due to the administrator no later than April 30 each year. Results must include a remediation plan to address any risks identified during the risk assessment.

(4) The risk assessment must be conducted in accordance with current and accepted industry standard review requirements for risk assessments.

(5) The risk assessment must include a review of licensee controls. Review of controls must include but not be limited to a comparison of licensee controls to industry standard and best practice controls, and an audit of the licensee processes for compliance with those controls.

(6) For licensees issued a license to conduct sports wagering pursuant to Iowa Code section 99F.7A, a risk assessment required by this subrule includes any on-premises sports wagering authorized by the commission at that licensee's place of business. A supplemental risk assessment for the sports wagering operations may be accepted in lieu of inclusion with the assessment of the licensee's overall operations, at the discretion of the administrator, and providing that the supplemental assessment independently complies with the requirements in subparagraphs 5.6(20)*"a"*(1) through *"a"*(5).

b. At the discretion of the administrator, additional network security risk assessments may be required.

5.6(21) *Cashless wagering reserves.* A reserve in the form of cash or cash equivalents segregated from operational funds must be maintained by the licensee to cover the entirety of a licensee's electronic wagering account liability. The reserve must equal or exceed the licensee's wagering account liability as of the last day in the previous quarter. If the reserve takes the form of a bond, the bond must be independent of any bond utilized to satisfy the bond requirement set forth in Iowa Code section 99D.10 or 99F.8. An accounting of this reserve must be available for inspection by the commission upon request. The method of reserve should be submitted to and approved by the administrator prior to implementation.

491—5.7(99D) Pari-mutuel uniform requirements.

5.7(1) *Results boards, totalizators required.* Each licensee must provide and maintain computerized totalizators and electronic boards showing odds, results, and other racing information located in plain view of patrons.

5.7(2) *Photo finish camera.* A licensee must provide two electronic photo finish devices with mirror image to photograph the finish of each race and record the time of each racing animal in at least hundredths of a second. The location and operation of the photo finish device must be approved by the commission before its first use in a race. The licensee must promptly post a photograph, on a monitor, of each photo finish for win, place or show, or for fourth place in superfecta races, in an area accessible to the public. The licensee must ensure that the photo finish devices are calibrated before the first day of each race meeting and at other times as required by the commission. On request by the commission, the licensee must provide, without cost, a print of a photo finish to the commission. A photo finish of each race must be maintained by the licensee for not less than six months after the end of the race meeting or such other period as may be requested by the commission.

5.7(3) *Electronic timing device.* Any electronic timing device used by the licensee must be tested prior to each race season and any other time requested by the commission.

5.7(4) *Official scale.* The licensee must provide and maintain in good working order official scales or other approved weighing devices. The licensee must provide to the stewards certification of the accuracy of the scales at the beginning of each race meeting or more frequently if requested by the stewards.

5.7(5) *Lighting.* Each licensee must provide and maintain adequate illumination in the barn area, parking area, and racetrack area.

5.7(6) *Fencing.* Stable areas should be properly fenced as defined by the commission and admission permitted only in accord with rules of the commission.

5.7(7) *Guest passes.* The licensee must develop a policy to be approved by the stewards for the issuance of guest passes for entrance to the stable area. The guest pass is not an occupational license and does not permit the holder to work in any capacity or in any way confer the benefits of an occupational license to participate in racing. The license holder sponsoring or escorting the guest is responsible for the conduct of the guest pass holder.

5.7(8) *Stewards.* The commission may consider for appointment or approval as a steward a person who meets all of the following requirements. The person must have:

a. Engaged in pari-mutuel racing in a capacity and for a period satisfactory to the commission.

b. Satisfactorily passed an optical examination within one year prior to approval as a steward evidencing corrected 20/20 vision and the ability to distinguish colors correctly.

c. Satisfied the commission that income, other than salary as a steward, is independent of and unrelated to patronage of or employment by any occupational licensee under the supervision of the steward so as to avoid the appearance of any conflict of interest or suggestion of preferential treatment of an occupational licensee.

5.7(9) *Purse information.* Each licensee must provide to the commission at the close of each racing meet the following purse information:

a. The identity of each person or entity to which purse money is paid by the licensee for purses won by racing animals at the facility. This report must include the name, residential or business address and amount paid to that person or entity. The data should be assembled separately for Iowa and non-Iowa addressees, and aggregates should be presented in descending order of magnitude.

b. The identity of each person or entity to which purse money is paid by the licensee for purses won by Iowa-bred animals at the facility. This report must include the name, residential or business address and amount paid to that person or entity in supplemental funds for ownership of Iowa-bred animals. The data should be assembled separately for Iowa and non-Iowa addressees, and aggregates should be presented in descending order of magnitude.

5.7(10) *Designated pari-mutuel wagering area.* The designated wagering area is designated by a licensee as a wagering area in accordance with Iowa Code section 99D.2(10) and must be approved by the administrator. Modification to a previously approved plan must be submitted for approval at least ten days prior to implementation. Exceptions to this rule must be approved in writing by the administrator.

5.7(11) *Mobile pari-mutuel wagering.* Pari-mutuel wagering is permitted outside the designated wagering area using mobile pari-mutuel tellers with portable wagering devices and by any other method approved in writing by the administrator.

These rules are intended to implement Iowa Code chapters 99D and 99F.