Regulatory Analysis

Notice of Intended Action to be published: 491—Chapter 8
"Pari-Mutuel Wagering, Simulcasting and Advance Deposit Wagering"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 99D.7, 99D.9A, 99D.9C, 99D.9D, 99D.11 and 99D.15

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

Public Hearing

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

November 18, 2025	6200 Park Avenue, Suite 100
9 a.m.	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 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 of its rules prior to the agency review date of December 31, 2026. The Commission administers and enforces Iowa Code chapter 99D, which authorizes horse and dog racing in Iowa. The Commission is reviewing rules related to racing before 2026 to make any repromulgated rules effective in time for the 2026 racing season, which is scheduled to start in May.

Chapter 8 of the Commission's rules provides details and parameters for pari-mutuel wagering, simulcasting, advance deposit wagering, and alternative simulcast operators. The proposed rulemaking eliminates some instances of outdated language, eliminates some definitions or other language that duplicated a statute, and avoids potentially conflicting standards for different types of online wagering operators by making advance deposit wagering account registration subject to the same requirements as advance deposit sports wagering account registration.

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. However, these classes of persons are already bearing the costs of compliance with Chapter 8 when they obtain and maintain the applicable license type under Iowa Code chapter 99D. Thus, the proposed rulemaking is not anticipated to impose significant additional costs.

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

The proposed rulemaking will continue to provide clarity both for pari-mutuel operators and for bettors. For example, the proposed rulemaking establishes the classes of allowable pari-mutuel

wagers, sets forth deadlines for claiming winnings, and contains provisions allowing operators or racing officials to disallow or cancel certain wagers under certain conditions.

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:**

Online operators may be impacted if the proposed changes aligning advance deposit wagering account registration with advance deposit sports wagering account registration would necessitate a back-end technological change to the operator's platform. In that instance, operators could incur some development costs.

- **Qualitative description of impact:**

Despite some potential development costs, the proposed rulemaking aligning the standards for all online wagering accounts is qualitatively beneficial because it promotes uniformity and is more easily administered.

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.

- **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 rules are not anticipated to have a substantial impact on small business.

Text of Proposed Rulemaking

ITEM 1. Rescind 491—Chapter 8 and adopt the following **new** chapter in lieu thereof:

CHAPTER 8
PARI-MUTUEL WAGERING, SIMULCASTING AND ADVANCE DEPOSIT WAGERING

491—8.1(99D) Definitions. As used in this chapter, unless the context otherwise requires, the following definitions apply:

"Account" means an account approved by the commission for pari-mutuel advance deposit wagering with a complete record of credits, wagers and debits established by a licensee account holder and managed by a licensee or advance deposit wagering operator (ADWO).

"Administrator" means the administrator of the Iowa racing and gaming commission or the administrator's designee.

"Advance deposit wagering center" means an actual location, the equipment, and the staff of a licensee, ADWO, or both involved in the management, servicing and operation of the pari-mutuel advance deposit wagering for the licensee.

"Alternative simulcast operator" or *"ASO"* means an entity licensed by the commission to provide a system of pari-mutuel wagering at off-track betting venues at facilities licensed by the commission to conduct gambling games in Iowa.

"Authorized receiver" means a receiver that conducts and operates a pari-mutuel wagering system on the results of contests being held or conducted and simulcast from the enclosures of one or more host facilities.

"Betting interest" means a number assigned to a single runner, an entry or a field for wagering purposes.

"Board" means, as appropriate, either the board of stewards or the gaming board as defined in 491—Chapter 4.

"Breakage" means the same as defined in Iowa Code section 99D.2(2) and consists of the net pool minus payoff.

"Commission representative" means an employee of the commission designated to represent the commission in matters pertaining to the operation of the mutuel department. In the absence of a specifically appointed representative, a commission steward will perform the functions and duties of the commission representative.

"Contest" means a race on which wagers are placed.

"Credits" means all positive inflows of money to an account.

"Dead heat" means that two or more runners have tied at the finish line for the same position in the order of finish.

"Debits" means all negative outflow of money from an account.

"Deposit" means a payment of money into an account.

"Double" means a wager to select the winners of two consecutive races that is not a parlay, that has no connection with or relation to any other pool conducted by the facility, and that will not be construed as a "quinella double."

"Entry" means two or more runners are coupled in a contest because of common ties and a wager on one of them is a wager on all of them.

"Exacta" (may also be known as "perfecta" or "correcta") means a wager selecting the exact order of finish for first and second in that contest and is not a parlay and has no connection with or relation to any other pool conducted by the facility.

"Field" means when the individual runners competing in a contest exceed the numbering capacity of the totalizator and all runners of the higher number are grouped together. A wager on one in the field is a wager on all.

"Guest facility" means a facility that offers licensed pari-mutuel wagering on contests conducted by another facility (the host) in either the same state or another jurisdiction.

"Host facility" means the facility where a licensed pari-mutuel meeting takes place, from which authorized contests or entire performances are simulcast.

"Interstate simulcasting" means the telecast of live audio and visual signals of pari-mutuel racing sent to or received from a state outside the state of Iowa to an authorized racing or gaming facility for the purpose of wagering. For the purposes of this definition, "interstate" also includes foreign jurisdictions.

"Intrastate simulcasting" means the telecast of live audio and visual signals of pari-mutuel racing conducted on a licensed pari-mutuel track within Iowa sent to or received from an authorized pari-mutuel facility within Iowa for the purpose of pari-mutuel wagering.

"Licensee account holder" means any individual at least 21 years of age who successfully completed an application and for whom the licensee or ADWO has opened an account. "Licensee account holder" does not include any corporation, partnership, limited liability company, trust, estate or other formal or nonformal entity.

"Minus pool" means when the total amount of money to be returned to the public exceeds what is in the pool because of the deduction of a commission and because of the rule stipulation that no mutuel tickets will be paid at less than $1.05 for each $1 wagered.

"Mutuel department" means that area of a racetrack where wagers are made and winning tickets are cashed and where the totalizator is installed and any area used directly in the operation of pari-mutuel wagering.

"Mutuel manager" means an employee of the facility who manages the mutuel department.

"Net pool" means the amount remaining in each separate pari-mutuel pool after the takeout percentage, as provided for by Iowa Code section 99D.11, has been deducted.

"Odds" means the approximate payoffs per dollar based on win pool wagering only on each betting interest for finishing first without a dead heat with another betting interest.

"Official" means that the order of finish for the race is official and that payoff prices based upon the official order of finish will be posted.

"Order of finish" means the finishing order of each runner from first place to last place in each race. For horse racing only, the order of finish may be changed by the stewards for a rule infraction prior to posting of the official order of finish.

"Pari-mutuel pool" means the total amount of money wagered on each separate pari-mutuel pool for payoff purposes.

"Payoff" means the amount distributed to holders of valid winning pari-mutuel tickets in each pool as determined by the official order of finish and includes the amount wagered and profit.

"Place" means a runner finishing second.

"Place pool" means the total amount of money wagered on all betting interests in each race to finish first or second.

"Post time" means the scheduled starting time for a contest.

"Proper identification" means a form of identification accepted in the normal course of business to establish that the person making a transaction is a licensee account holder.

"Quinella" means a wager selecting two runners to finish first and second, regardless of the order of finish, and is not a parlay and has no connection with or relation to any other pool conducted by the facility.

"Quinella double" means a wager that consists of selecting the quinella in each of two designated contests and is an entirely separate pool from all other pools and has no connection with or relation to any other pool conducted by the facility.

"Runner" means each entrant in a contest, designated by a number as a betting interest.

"Sales transaction data" means the data between totalizator ticket-issuing machines and the totalizator central processing unit for the purpose of accepting wagers and generating, canceling

and cashing pari-mutuel tickets and the financial information resulting from the processing of sales transaction data, such as handle.

"Secure personal identification code" means an alpha-numeric character code provided by a licensee account holder as a means by which the licensee or ADWO may verify a wager or account transaction as authorized by the licensee account holder.

"Show" means a runner finishing third.

"Show pool" means the total amount of money wagered on all betting interests in each contest to finish either first, second or third.

"Source market fee" or *"host fee"* means the part of a wager that is made on any race by a person who is a licensee account holder and that is returned to the licensee and the Iowa Horsemen's Benevolent and Protective Association pursuant to the terms of a negotiated agreement as required by rule 491—8.6(99D).

"Steward" means a racing official appointed or approved by the commission to perform the supervisory and regulatory duties relating to pari-mutuel racing.

"Superfecta" means a wager selecting the exact order of finish for first, second, third, and fourth in that contest and is not a parlay and has no connection with or relation to any other pool conducted by the facility.

"Totalizator" means a machine for registering wagers and computing odds and payoffs based upon data supplied by each pari-mutuel ticket-issuing machine.

"Trifecta" means a wager selecting the exact order of finish for first, second, and third in that race and is not a parlay and has no connection with or relation to any other pool conducted by the facility.

"Tri-superfecta" means a wager selecting the exact order of finish for first, second and third in the first designated tri-super contest combined with selecting the exact order of finish for first, second, third and fourth in the second designated tri-super contest.

"Twin quinella" means a wager in which the bettor selects the first two finishers, regardless of order, in each of two designated contests. Each winning ticket for the twin quinella must be exchanged for a free ticket on the second twin quinella contest in order to remain eligible for the second-half twin quinella pool.

"Twin superfecta" means a wager in which the bettor selects the first four finishers, in their exact order, in each of two designated contests. Each winning ticket for the first twin superfecta contest must be exchanged for a free ticket on the second twin superfecta contest in order to remain eligible for the second-half twin superfecta pool.

"Twin trifecta" means a wager in which the bettor selects the three runners that will finish first, second, and third in the exact order as officially posted in each of the two designated twin trifecta races.

"Underpayment" means when the payoff to the public resulting from errors in calculating pools and errors occurring in the communication in payoffs results in less money returned to the public than is actually due.

"Win" means a runner finishing first.

"Win pool" means the total amount wagered on all betting interests in each contest to finish first.

"Withdrawal" means a payment of money from an account by the licensee or ADWO to the licensee account holder when properly requested by the licensee account holder.

491—8.2(99D) General.

8.2(1) *Wagering.* Each facility must conduct wagering in accordance with applicable laws and these rules, employing a pari-mutuel system approved by the commission. The totalizator should be tested prior to and during the meeting as required by the commission. Annually, the facility will have an external audit, approved by the administrator, of the totalizator system. All systems of wagering other than pari-mutuel, such as bookmaking and auction-pool selling, are prohibited, and any person attempting to participate in prohibited wagering will be ejected or excluded from facility grounds.

8.2(2) *Records.* The facility must maintain records of all wagering so the commission may review such records for any contest including the opening line, subsequent odds fluctuation, the amount and at which window wagers were placed on any betting interest, and such other information as may be required. Such wagering records will be retained by each facility for a period of time specified by the commission. The commission may require certain records to be made available to the wagering public at the completion of each contest. The facility must provide the commission with a list of the licensed individuals afforded access to pari-mutuel records and equipment at the wagering facility.

8.2(3) *Pari-mutuel tickets.* A pari-mutuel ticket is evidence of a contribution to the pari-mutuel pool operated by the facility and is evidence of the facility's obligation to pay to the holder thereof such portion of the distributable amount of the pari-mutuel pool as is represented by such valid pari-mutuel ticket. The facility cashes all valid winning tickets when presented for payment during the course of the meeting where sold and for a specified period after the last day of the meeting as provided in paragraph 8.2(4)*"g."*

a. A valid pari-mutuel ticket must have been issued by a pari-mutuel ticket machine operated by the facility, have been recorded as a ticket entitled to a share of the pari-mutuel pool, and contain imprinted information as to:

(1) The name of the facility operating the meeting.

(2) A unique identifying number or code.

(3) Identification of the terminal at which the ticket was issued.

(4) A designation of the performance for which the wagering transaction was issued.

(5) The contest number for which the pool is conducted.

(6) The type(s) of wagers represented.

(7) The number(s) representing the betting interests for which the wager is recorded.

(8) The amount(s) of the contributions to the pari-mutuel pool or pools for which the ticket is evidence.

b. No pari-mutuel ticket recorded or reported as previously paid, canceled, or nonexistent may be deemed a valid pari-mutuel ticket by the facility. The facility may withhold payment and refuse to cash any pari-mutuel ticket deemed not valid, except as provided in paragraph 8.2(4)*"e."*

8.2(4) *Pari-mutuel ticket sales.*

a. Pari-mutuel tickets cannot be sold by anyone other than a facility licensed to conduct pari-mutuel wagering.

b. No pari-mutuel ticket may be sold on a contest for which wagering has already been closed, and no facility is responsible for ticket sales entered into but not completed by issuance of a ticket before the totalizator is closed for wagering on such contest.

c. Claims pertaining to a mistake on an issued or unissued ticket must be made by the bettor prior to leaving the seller's window.

d. Payment on winning pari-mutuel wagers will be made on the basis of the order of finish as purposely posted and declared "official." Any subsequent change in the order of finish or award of purse money(s) as may result from a subsequent ruling by the stewards or administrator will not affect the pari-mutuel payoff. If an error in the posted order of finish or payoff figures is discovered, the official order of finish or payoff prices may be corrected and an announcement concerning the change will be made to the public.

e. The facility cannot satisfy claims on lost, mutilated, or altered pari-mutuel tickets without authorization from the administrator.

f. The facility has no obligation to enter a wager into a betting pool if unable to do so due to equipment failure.

g. Payment on valid pari-mutuel tickets will be made only upon presentation and surrender to the facility where the wager was made within 60 days following the close of the meeting during which the wager was made. Failure to present any such ticket within 60 days waives the right to receive payment.

8.2(5) *Claims for payment from pari-mutuel pool.* At a designated location, a written, verified claim for payment from a pari-mutuel pool will be accepted by the facility in any case where the facility has withheld payment or has refused to cash a pari-mutuel wager. The claim should be made on a form approved by the administrator and the claim attested to under penalty of perjury. The original of the claim will be forwarded to the administrator within 48 hours.

a. If a claim is made for payment of a mutilated pari-mutuel ticket that does not contain the total imprinted elements required in paragraph 8.2(3)*"a,"* the facility will include a recommendation whether or not the mutilated ticket has sufficient elements to be positively identified as a winning ticket on the claim forwarded to the administrator.

b. When a claim is made for payment on a pari-mutuel wager, the administrator will adjudicate the claim and may order payment thereon from the pari-mutuel pool or by the facility, may deny the claim, or may make such other order as the administrator may deem proper.

8.2(6) *Payment for errors.* If an error occurs in the payment amounts for pari-mutuel wagers that are cashed or entitled to be cashed, and as a result of such error the pari-mutuel pool involved in the error is not correctly distributed among winning ticket holders, the following apply:

a. Verification is required to show that the amount of the commission, the amount in breakage, and the amount in payoffs are equal to the total gross pool. If the amount of the pool is more than the amount used to calculate the payoff, the underpayment will be added to the corresponding pool of the next contest. If an underpayment is discovered after the close of the meeting, the underpayment should be held in an interest-bearing account approved by the administrator until being added, together with accrued interest, to the corresponding pool of the next meet.

b. Any claim not filed with the facility within 30 days, inclusive of the date on which the underpayment was publicly announced, is waived, and the facility has no further liability therefor.

c. In the event the error results in an overpayment to winning wagers, the facility is responsible for such payment.

8.2(7) *Public notice.* Wagering rules, betting explanations relative to each time of pool offered, approximate odds, and the calculation of payoffs and distribution of pools approved by the commission must be readily available to the public. Signage may be conspicuously posted in the wagering area to direct patrons to the wagering area where this information can be viewed. The approximate odds for win pool betting and the probable payoff or amounts wagered, in total and on each betting interest, for other pools will be displayed to the wagering public at intervals and in a manner approved by the administrator. Official results and payoffs must be publicly displayed upon each contest being declared official.

8.2(8) *Canceled contests.* If a contest is canceled or declared "no contest," refunds will be granted on valid wagers in accordance with these rules.

8.2(9) *Refunds.*

a. Notwithstanding other provisions of these rules, refunds of the entire pool are made on:

(1) Win pools, exacta pools, and first-half double pools offered in contests in which the number of betting interests has been reduced to fewer than two.

(2) Place pools, quinella pools, trifecta pools, first-half quinella double pools, first-half twin quinella pools, first-half twin trifecta pools, and first-half tri-superfecta pools offered in contests in which the number of betting interests has been reduced to fewer than three.

(3) Show pools, superfecta pools, and first-half twin superfecta pools offered in contests in which the number of betting interests has been reduced to fewer than four.

b. Authorized refunds are paid upon presentation and surrender of the affected pari-mutuel ticket.

8.2(10) *Coupled entries and mutuel fields.*

a. Contestants coupled in wagering as a coupled entry or mutuel field are considered part of a single betting interest for the purpose of price calculations and distribution of pools. Should any contestant in a coupled entry or mutuel field be officially withdrawn or scratched, the remaining contestants in that coupled entry or mutuel field remain valid betting interests and no refunds will be

granted. If all contestants within a coupled entry or mutuel field are scratched, then tickets on such betting interests will be refunded, notwithstanding other provisions of these rules.

b. For the purpose of price calculations only, coupled entries and mutuel fields will be calculated as a single finisher, using the finishing position of the leading contestant in that coupled entry or mutuel field to determine order of placing. This rule applies to all circumstances, including situations involving a dead heat, except as otherwise provided by these rules.

8.2(11) *Pools dependent upon betting interests.* Unless the administrator otherwise provides, at the time the pools are opened for wagering, the facility:

a. May offer win, place, and show wagering on all contests.

b. May disallow show wagering on any contest with five or fewer betting interests scheduled to start.

c. May disallow place wagering on any contest with four or fewer betting interests scheduled to start.

d. May disallow quinella wagering on any contest with three or fewer betting interests scheduled to start.

e. May disallow quinella double wagering on any contests with three or fewer betting interests scheduled to start.

f. May disallow exacta wagering on any contest with three or fewer betting interests scheduled to start.

g. May disallow trifecta wagering on any contest with five or fewer betting interests scheduled to start. In addition, the stewards have the authority to cancel trifecta wagering at any time they determine an irregular pattern of wagering or determine that the conduct of the race would not be in the interest of the regulation of the pari-mutuel wagering industry or in the public confidence in racing. The stewards may approve smaller fields for trifecta wagering if extraneous circumstances are shown by the facility.

h. May disallow superfecta and pentafecta wagering on any contest with seven or fewer betting interests scheduled to start.

i. May disallow twin quinella wagering on any contests with three or fewer betting interests scheduled to start.

j. May disallow twin trifecta wagering on any contests with seven or fewer betting interests scheduled to start, except as provided in subparagraph 8.2(13)*"g"*(1).

k. May disallow tri-superfecta wagering on any contests with seven or fewer betting interests scheduled to start.

l. May disallow twin superfecta wagering on any contests with seven or fewer betting interests scheduled to start.

8.2(12) *Prior approval for betting pools.*

a. A facility that desires to offer new forms of wagering must apply in writing to the administrator and receive written approval prior to implementing the new betting pool.

b. The facility may suspend previously approved forms of wagering with the prior approval of the administrator. Any carryover is held until the suspended form of wagering is reinstated. A facility may request approval of a form of wagering or separate wagering pool for specific requirements.

8.2(13) *Closing of wagering in a contest.*

a. All wagering stops and all pari-mutuel machines are automatically locked at post time or at the actual start of the races.

b. The facility will maintain, in good order, a system approved by the administrator for closing wagering.

8.2(14) *Facility/vendor employees.* All facility/vendor employees must report immediately to the administrator any known irregularities or wrongdoings by any person involving pari-mutuel wagering and cooperate in subsequent investigations.

8.2(15) *Unrestricted access.* The facility must permit the commission unrestricted access at all times to its facilities and equipment and to all books, ledgers, accounts, documents and records of the facility that relate to pari-mutuel wagering.

8.2(16) *Totalizator breakdown.* In the event of irreparable breakdown of the totalizator during the wagering on a race, the wagering on that race will be declared closed and the payoff will be computed on the sums wagered in each pool up to the time of the breakdown.

8.2(17) *Minimum wager and payoff.* The minimum wager to be accepted by any licensed facility for win, place and show wagering is $2. The minimum payoff on a $2 wager is $2.10. For all other wagers, the minimum wager to be accepted by any licensed facility is $1. The minimum payoff for a $1 wager is $1.05. Any deviation from these minimums must be approved by the administrator. In cases where a minus pool occurs, the facility is responsible for the payment of the minimum payoff and no breakage will be incurred from that pari-mutuel pool.

8.2(18) *Underage wagering prohibited.* No licensed operator may permit any person under the age of 21 to purchase or cash a pari-mutuel ticket.

8.2(19) *Emergency situations.* In the event of an emergency in connection with the mutuel department not covered in these rules, the pari-mutuel manager representing the facility should report the problem to the stewards, and the stewards will render a full report to the administrator or administrator's designee within 48 hours.

8.2(20) *Commission mutuel representative.* The administrator may appoint an employee to serve as the commission's designated representative at each race meeting as provided in Iowa Code section 99D.19. In the absence of a specifically appointed representative, the board of stewards or simulcast steward will perform the functions and duties of the commission.

491—8.3(99D) Approval of pari-mutuel wagers.

8.3(1) *Pools permitted.* All pari-mutuel wagering pools approved by the commission are to be separately and independently calculated and distributed. Takeout is deducted from each gross pool as stipulated by Iowa Code section 99D.11. The remainder of the moneys in the pool will constitute the net pool for distribution as payoff on winning wagers.

8.3(2) *Pari-mutuel wagering submissions.* Prior to conducting a new pari-mutuel wager, a facility must submit written proposals for the wager, including but not limited to the wager type, calculation of payoff, refunds and distribution of pools. Proposals must be approved by the administrator or an administrator's designee prior to implementation.

491—8.4(99D) Simulcast wagering.

8.4(1) *General.*

a. Rules. All simulcasting must be transmitted live, and all wagering on simulcasting must be made in accordance with commission rules on pari-mutuel wagering. Commission rules in effect during live racing remain in effect during simulcasting where applicable.

b. Transmission. The method used to transmit sales transaction and data including but not limited to the odds, will pay, race results, and payoff prices must be approved by the commission, based upon the determination that provisions to secure the system and transmission are satisfactory. If the method relies on internet service to transmit, a backup internet service should be used in the event of transmission failure until all transactions are completed for the day.

c. Communication. A communication system between the host track and the receiving facility that will allow the totalizator operator and the commission representatives at the host track to communicate with the facility receiving the signal must be provided. The facility is responsible during the racing program's operating hours for reporting any problems or delays to the public.

d. Approval.

(1) All simulcasting, both interstate and intrastate, must be preapproved by the commission or commission representative. Each facility conducting simulcasting submits an annual written simulcast proposal to the commission with the application for license renewal.

(2) The commission representative, upon written request, may grant modifications to the annual simulcast proposal. The commission representative may approve or disapprove simulcast requests at the representative's discretion. Factors that may be considered include but are not limited to economic conditions of a facility, impact on other facilities, impact on the Iowa breeding industry, other gambling in the state, and any other considerations the commission representative deems appropriate.

(3) Once simulcast authority has been granted by the commission or commission representative, it is the affirmative responsibility of the facility granted simulcast authority to obtain all necessary permission from other jurisdictions and tracks to simulcast the pari-mutuel races. In addition, the burden of adhering to state and federal laws concerning simulcasting rests on the facility at all times.

8.4(2) *Simulcast host.*

a. Every host facility, if requested, may contract with an authorized receiver for the purpose of providing authorized users its simulcast. All contracts governing participation in interstate or intrastate pools must be submitted to the commission representative for prior approval. Contracts should be of such content and in such format as required by the commission representative.

b. A host facility is responsible for the content of the simulcast and should use all reasonable effort to present a simulcast that offers the viewers an exemplary depiction of each performance.

c. Unless otherwise permitted by the commission representative, every simulcast will contain in its video content a digital display of actual time of day, the name of the host facility from which the simulcast originates, the number of the contest being displayed, and any other relevant information available to patrons at the host facility.

d. The host facility must maintain such security controls, including encryption over its uplink and communications systems, as directed or approved by the commission or commission representative.

e. Financial reports are submitted daily or as otherwise directed by the commission representative. Reports must be of such content and in such format as required by the commission representative.

8.4(3) *Authorized receiver.*

a. An authorized receiver provides:

(1) Adequate transmitting and receiving equipment of acceptable broadcast quality that does not interfere with the closed circuit TV system of the host facility for providing any host facility patron information.

(2) Pari-mutuel terminals, pari-mutuel odds displays, modems and switching units enabling pari-mutuel data transmissions, and data communications between the host and guest facilities.

(3) A voice communication system between each guest facility and the host facility providing timely voice contact among the commission representative, placing judges, and mutuel departments.

b. The guest facility and all authorized receivers must conduct pari-mutuel wagering pursuant to the applicable commission rules.

c. Not less than 30 minutes prior to the commencement of transmission of the performance of pari-mutuel contests, the guest facility should initiate a test program of its transmitter, encryption and decoding, and data communication to ensure proper operation of the system.

d. The guest facility should, in conjunction with the host facility or facilities for which it operates pari-mutuel wagering, provide the commission representative with a certified report of its pari-mutuel operations as directed by the commission representative.

e. Every authorized receiver must file with the commission an annual report of its simulcast operations and an audited financial statement.

f. The mutuel manager will notify the commission representative when the transfer of pools, pool totals, or calculations are in question, or if partial or total cancellations occur, and will suggest alternatives for continued operation. Should loss of video signal occur, wagering may continue with approval from the commission representative.

491—8.5(99D) Interstate common-pool wagering.

8.5(1) *General.*

a. All contracts governing participation in interstate common pools should be submitted to the commission representative for prior approval. Financial reports are submitted daily or as otherwise directed by the commission representative. Contracts and reports should be of such content and in such format as required by the commission representative.

b. Individual wagering transactions are made at the point of sale in the state where placed. Pari-mutuel pools are combined for computing odds and calculating payoffs but will be held separate for auditing and all other purposes.

c. Any surcharges or withholdings in addition to the takeout may be applied only in the jurisdiction otherwise imposing such surcharges or withholdings.

d. In determining whether to approve an interstate common pool that does not include the host facility or that includes contests from more than one facility, the commission representative will consider and may approve use of a bet type that is not utilized at the host facility, application of a takeout rate not in effect at the host facility, or other factors that are presented to the commission representative.

e. The content and format of the visual display of racing and wagering information at facilities in other jurisdictions where wagering is permitted in the interstate common pool need not be identical to the similar information permitted or required to be displayed under these rules.

8.5(2) *Guest state participation in interstate common pools.*

a. With the prior approval of the commission representative, pari-mutuel wagering pools may be combined with corresponding wagering pools in the host state or with corresponding pools established by one or more other jurisdictions.

b. The commission representative may permit adjustment of the takeout from the pari-mutuel pool so that the takeout rate in this jurisdiction is identical to that of the host facility or identical to that of other jurisdictions participating in a merged pool.

c. When takeout rates in the merged pools are not identical, the net-price calculation is the method by which the differing takeout rates are applied.

d. Rules established in the state of the host facility designated for a pari-mutuel pool apply.

e. The commission representative will approve agreements made between the facility and other participants in interstate common pools governing the distribution of breakage between the jurisdictions.

f. If, for any reason, it becomes impossible to successfully merge the bets placed into the interstate common pool, the facility will make payoffs in accordance with payoff prices that would have been in effect if prices for the pool of bets were calculated without regard to wagers placed elsewhere, except that, with the permission of the commission representative, the facility may alternatively determine either to pay winning tickets at the payoff prices at the host facility or to declare such accepted bets void and make refunds in accordance with the applicable rules.

8.5(3) *Host state participation in merged pools.*

a. With the prior approval of the commission representative, a facility licensed to conduct pari-mutuel wagering may determine that one or more of its contests be utilized for pari-mutuel wagering at guest facilities in other jurisdictions and may also determine that pari-mutuel pools in guest jurisdictions be combined with corresponding wagering pools established by it as the host facility or comparable wagering pools established by two or more jurisdictions.

b. When takeout rates in the merged pool are identical, the net-price calculation is the method by which the differing takeout rates are applied.

c. Rules of racing established for races held in this state also apply to interstate common pools unless the commission representative specifically determines otherwise.

d. The commission representative must approve agreements made between the facility and other participants in interstate common pools governing the distribution of breakage between the jurisdictions.

e. Any contract for interstate common pools entered into by the facility must contain a provision to the effect that if, for any reason, it becomes impossible to successfully merge the bets placed in another jurisdiction into the interstate common pool formed by the facility or if, for any reason, the commission representative or facility determines that attempting to effect transfer of pool data from the guest jurisdiction may endanger the facility's wagering pool, the facility will have no liability for any measure taken that may result in the guest's wagers not being accepted into the pool.

8.5(4) *Takeout rates in interstate common pools.*

a. With the prior approval of the commission representative, a facility wishing to participate in an interstate common pool may change its takeout rate so as to achieve a common takeout rate with all other participants in the interstate common pool.

b. A facility wishing to participate in an interstate common pool may request that the commission representative approve a methodology whereby host facility and guest facility jurisdictions with different takeout rates for corresponding pari-mutuel pools may effectively and equitably combine wagers from the different jurisdictions into an interstate common pool.

491—8.6(99D) Advance deposit wagering.

8.6(1) *Authorization to conduct advance deposit wagering.*

a. A licensee may request authorization from the commission to conduct advance deposit wagering pursuant to Iowa Code section 99D.11(6)*"c"* and this chapter and in the format outlined in 491—Chapter 1. The commission may require changes in a proposed plan of operations as a condition of granting a request. No subsequent changes in the system's operation may occur unless a written request is received and approved in writing by the administrator.

b. The commission may conduct investigations or inspections or request additional information from the licensee as the commission deems appropriate in determining whether to allow the licensee to conduct advance deposit wagering.

c. The licensee will establish and manage an advance deposit wagering center.

d. The commission may issue an ADWO license to an entity that enters into an agreement with the commission, the licensee, and the Iowa horsemen's benevolent and protective association. The terms of any ADWO's license include but are not limited to:

(1) Any source market fees and host fees to be paid on any races subject to advance deposit wagering.

(2) An annual ADWO license fee in an amount to be determined by the commission.

(3) Completion of all necessary background investigations.

(4) Acceptance of wagers on live races conducted at the horse racetrack in Polk County from all of its licensee account holders.

(5) A bond or irrevocable letter of credit on behalf of the ADWO to be determined by the commission.

(6) A detailed description and certification of systems and procedures used by the ADWO to validate the identity and age of licensee account holders and to validate the legality of wagers accepted.

(7) Secure retention of all records and recordings related to advance deposit wagering and accounts, including but not limited to records relating to licensee account holder identity and age, for a period of not less than three years or such longer period as specified by the commission, and in hard-copy or standard electronic format acceptable to the commission.

(8) Utilization and communication of pari-mutuel wagers to a pari-mutuel system meeting all requirements for pari-mutuel systems employed by licensed racing facilities in Iowa.

e. Commission access to and use of information concerning advance deposit wager transactions and licensee account holders is considered proprietary, and such information will not be disclosed publicly except as may be required pursuant to statute or court order or except as part of the official record of any proceeding before the commission. This requirement does not prevent the sharing

of this information with other pari-mutuel regulatory authorities or law enforcement agencies for investigative purposes.

8.6(2) *Establishing an account.*

a. A person must have an established account to place advance deposit wagers. An account may be established in person at the licensee's facility or with the ADWO by mail or electronic means.

b. Advance deposit wagering account registration is subject to the same requirements as advance deposit sports wagering account registration under 491—paragraphs 13.5(2)*"a"* through *"g."*

c. The licensee and ADWO must review and deactivate accounts of newly enrolled participants of the statewide self-exclusion program and comply with all other self-exclusion requirements set forth by the commission and in Iowa Code sections 99D.7(23) and 99F.4(22).

d. The account is nontransferable.

e. The licensee or ADWO may close or refuse to open an account for what it deems good and sufficient reason and will order an account closed if it is determined that information used to open an account was false.

8.6(3) *Operation of an account.* The ADWO submits operating procedures with respect to licensee account holder accounts for commission approval. The submission includes internal controls and reasonable methods that provide for the following:

a. Written notification to the commission consistent with 491—paragraph 5.4(5)*"c."*

b. The segregation of incompatible functions so that no employee is in a position to perpetrate and conceal errors or irregularities in the normal course of the employee's duties.

c. User access controls for all sensitive and secure, physical and virtual, areas and systems within a wagering operation.

d. Problem gambling controls consistent with 491—subrule 5.4(12).

e. Setoff winnings of patrons who have a valid lien established under Iowa Code chapter 99D.

8.6(4) *Records.* Licensees must provide all information requested by the commission within a time as ordered or requested by the commission. It is the licensee's responsibility to ensure all books and records and the retention of all books and records comply with 491—subrule 5.4(14). All records pertaining to contests should be available to allow for player complaint resolution. All records pertaining to the accounts of people who registered or have account activity in Iowa should be available to allow for audits and investigations.

491—8.7(99D) Alternative simulcast operator.

8.7(1) *Authorization to conduct alternative simulcast.*

a. An entity may request authorization from the commission to conduct alternative simulcast wagering pursuant to Iowa Code section 99D.9D and this chapter in the format outlined in 491—Chapter 1. The commission may require changes to a proposed plan of operations as a condition of granting a request. No subsequent changes in the system's operation may occur unless a written request is received and approved in writing by the administrator.

b. The commission may conduct investigations or inspections or request additional information from the entity as the commission deems appropriate in determining whether to allow an entity to conduct an alternative simulcast operation.

c. The entity will establish and manage an alternative simulcast wagering center or subscribe to a service authorized by the commission.

d. The commission may issue an ASO license that complies with the requirements of Iowa Code section 99D.9D and the additional criteria as established by the commission. The terms of any ASO license include but are not limited to:

(1) Fees to be paid on any races subject to pari-mutuel wagering.

(2) An annual license fee in an amount to be determined by the commission.

(3) Completion of all necessary background investigations as determined by the commission.

(4) Acceptance of wagers on live races conducted at the horse racetrack in Polk County.

(5) A bond or irrevocable letter of credit on behalf of the alternative simulcast operator to be determined by the commission.

(6) Secure retention of all records related to alternative simulcast and off-track wagering for a period of not less than three years or such longer period as specified by the commission.

(7) Utilization and communication of pari-mutuel wagers to a pari-mutuel system meeting all requirements for pari-mutuel systems employed by licensed racing facilities in Iowa.

e. Commission access to and use of information concerning alternative simulcast and off-track wager transactions is considered proprietary, and such information will not be disclosed publicly except as may be required pursuant to statute or court order or except as part of the official record of any proceeding before the commission. This requirement does not prevent the sharing of this information with other pari-mutuel regulatory authorities or law enforcement agencies for investigative purposes.

8.7(2) *Operation of an ASO.* The ASO submits operating procedures and internal controls that provide for the following:

a. Written notification to the commission consistent with 491—paragraph 5.4(5)*"c."*

b. The segregation of incompatible functions so that no employee is in a position to perpetrate and conceal errors or irregularities in the normal course of the employee's duties.

c. User access controls for all sensitive and secure, physical and virtual, areas and systems within a wagering operation.

d. Problem gambling controls consistent with 491—subrule 5.4(12).

e. Setoff winnings of patrons who have a valid lien established under Iowa Code chapter 99D.

These rules are intended to implement Iowa Code chapter 99D.