

CHAPTER 7

SPORTS WAGERING WINNINGS — STATE INCOME TAX WITHHOLDING

S.F. 605

AN ACT relating to state income tax withholdings on winnings from sports wagering, and including effective date provisions.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. [Section 99F.18](#), Code 2025, is amended to read as follows:

99F.18 Tax on winnings.

1. All winnings derived from slot machines operated pursuant to [this chapter](#) are Iowa earned income and are subject to state and federal income tax laws. An amount deducted from winnings for payment of the state tax, pursuant to [section 422.16, subsection 2](#), shall be remitted to the department of revenue on behalf of the winner.

2. All winnings from sports wagering authorized under [this chapter](#) are Iowa earned income and are subject to state and federal income tax laws. An amount deducted from winnings for payment of state tax pursuant to [section 422.16, subsection 2](#), shall be remitted to the department of revenue on behalf of the winner.

Sec. 2. [Section 422.16, subsection 2](#), paragraph d, Code 2025, is amended to read as follows:

d. For the purposes of [this subsection](#), state income tax shall be withheld on winnings in excess of six hundred dollars derived from gambling activities authorized under [chapter 99B](#) or [99G](#). State income tax shall be withheld on winnings in excess of one thousand dollars from gambling activities authorized under [chapter 99D](#). State income tax shall be withheld on winnings in excess of one thousand two hundred dollars derived from slot machines authorized under [chapter 99F](#). State income tax shall be withheld on winnings from sports wagering authorized under [chapter 99F](#) whenever federal income tax is required to be withheld from the same winnings in accordance with the Internal Revenue Code.

Sec. 3. EFFECTIVE DATE. This Act takes effect January 1, 2026.

Approved March 28, 2025