

House File 748

H-1251

1 Amend House File 748 as follows:

2 1. By striking everything after the enacting clause and
3 inserting:

4 <DIVISION I

5 SPORTS WAGERING

6 Section 1. Section 99D.7, subsection 23, Code 2019, is
7 amended to read as follows:

8 23. To establish a process to allow a person to be
9 voluntarily excluded from advance deposit wagering as defined
10 in section 99D.11, from an internet fantasy sports contest
11 as defined in section 99E.1, from advance deposit sports
12 wagering as defined in section 99F.9, from the wagering area
13 of a racetrack enclosure and from the gaming floor and sports
14 wagering area, as defined in section 99F.1, of all other
15 licensed facilities under this chapter and chapter 99F as
16 provided in this subsection. The process shall provide that an
17 initial request by a person to be voluntarily excluded shall be
18 for a period of five years or life and any subsequent request
19 following any five-year period shall be for a period of five
20 years or life. The process established shall require that
21 licensees be provided electronic access to names and social
22 security numbers of persons voluntarily excluded through a
23 secured interactive internet site maintained by the commission
24 and information regarding persons voluntarily excluded shall
25 be disseminated to all licensees under this chapter, chapter
26 99E, and chapter 99F. The names, social security numbers, and
27 information regarding persons voluntarily excluded shall be
28 kept confidential unless otherwise ordered by a court or by
29 another person duly authorized to release such information.
30 The process established shall also require a person requesting
31 to be voluntarily excluded be provided information compiled
32 by the Iowa department of public health on gambling treatment
33 options. The state and any licensee under this chapter,
34 chapter 99E, or chapter 99F shall not be liable to any person
35 for any claim which may arise from this process. In addition

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1 to any other penalty provided by law, any money or thing of
2 value that has been obtained by, or is owed to, a voluntarily
3 excluded person as a result of wagers made by the person after
4 the person has been voluntarily excluded shall be forfeited by
5 the person and shall be credited to the general fund of the
6 state.

7 Sec. 2. Section 99F.1, subsection 1, Code 2019, is amended
8 to read as follows:

9 1. *Adjusted gross receipts* means the gross receipts less
10 winnings paid to wagerers on gambling games. However, *adjusted*
11 *gross receipts* does not include promotional play receipts
12 received after the date in any fiscal year that the commission
13 determines that the wagering tax imposed pursuant to section
14 99F.11 on all licensees in that fiscal year on promotional
15 play receipts exceeds twenty-five million eight hundred twenty
16 thousand dollars.

17 Sec. 3. Section 99F.1, Code 2019, is amended by adding the
18 following new subsections:

19 NEW SUBSECTION. 2A. *Authorized sporting event* means
20 a professional sporting event, collegiate sporting event,
21 international sporting event, or professional motor race
22 event. *Authorized sporting event* does not include a race as
23 defined in section 99D.2, a fantasy sports contest as defined
24 in section 99E.1, minor league sporting event, or any athletic
25 event or competition of an interscholastic sport as defined in
26 section 9A.102.

27 NEW SUBSECTION. 4A. *Collegiate sporting event* means an
28 athletic event or competition of an intercollegiate sport as
29 defined in section 9A.102.

30 NEW SUBSECTION. 16A. *International sporting event* means
31 an international team or individual sporting event governed by
32 an international sports federation or sports governing body,
33 including sporting events governed by the international olympic
34 committee and the international federation of association
35 football.

1 NEW SUBSECTION. 18A. "*Minor league sporting event*" means
2 a sporting event conducted by a sports league which is not
3 regarded as the premier league in the sport as determined by
4 the commission.

5 NEW SUBSECTION. 19A. "*Professional sporting event*" means an
6 event, excluding a minor league sporting event, at which two
7 or more persons participate in sports or athletic events and
8 receive compensation in excess of actual expenses for their
9 participation in such event.

10 NEW SUBSECTION. 23. "*Sports wagering*" means the acceptance
11 of wagers on an authorized sporting event by any system of
12 wagering as authorized by the commission. "*Sports wagering*"
13 does not include placing a wager on the performance or
14 nonperformance of any individual athlete participating in
15 a single game or match of a collegiate sporting event in
16 which a collegiate team from this state is a participant, or
17 placing a wager on the performance of athletes in an individual
18 international sporting event governed by the international
19 olympic committee in which any participant in the international
20 sporting event is under eighteen years of age.

21 NEW SUBSECTION. 24. "*Sports wagering area*" means an area,
22 as designated by the commission, in which sports wagering is
23 conducted.

24 NEW SUBSECTION. 25. "*Sports wagering net receipts*" means
25 the gross receipts less winnings paid to wagerers on sports
26 wagering.

27 Sec. 4. Section 99F.1, subsection 17, Code 2019, is amended
28 to read as follows:

29 17. "*Licensee*" means any person licensed under section 99F.7
30 or 99F.7A.

31 Sec. 5. Section 99F.3, Code 2019, is amended to read as
32 follows:

33 **99F.3 Gambling games and sports wagering authorized.**

34 The system of wagering on a gambling game and sports wagering
35 as provided by this chapter is legal, when conducted ~~on an~~

1 ~~excursion gambling boat, gambling structure, or racetrack~~
2 ~~enclosure at authorized locations~~ by a licensee as provided in
3 this chapter.

4 Sec. 6. Section 99F.4, subsections 3 and 22, Code 2019, are
5 amended to read as follows:

6 3. To adopt standards under which all excursion gambling
7 boat operations shall be held and standards for the facilities
8 within which the gambling operations are to be held. The
9 commission may authorize the operation of gambling games on
10 an excursion gambling boat and sports wagering in a sports
11 wagering area which is also licensed to sell or serve alcoholic
12 beverages, wine, or beer as defined in [section 123.3](#).

13 22. To establish a process to allow a person to be
14 voluntarily excluded from advance deposit wagering as defined
15 in section 99D.11, from an internet fantasy sports contest as
16 defined in section 99E.1, from advance deposit sports wagering
17 as defined in section 99F.9, from the gaming floor and sports
18 wagering area of an excursion gambling boat, from the wagering
19 area, as defined in [section 99D.2](#), and from the gaming floor
20 and sports wagering area of all other licensed facilities under
21 this chapter and [chapter 99D](#) as provided in [this subsection](#).
22 The process shall provide that an initial request by a person
23 to be voluntarily excluded shall be for a period of five years
24 or life and any subsequent request following any five-year
25 period shall be for a period of five years or life. The process
26 established shall require that licensees be provided electronic
27 access to names and social security numbers of persons
28 voluntarily excluded through a secured interactive internet
29 site maintained by the commission and information regarding
30 persons voluntarily excluded shall be disseminated to all
31 licensees under [this chapter](#), [and chapter 99D](#), and [chapter 99E](#).
32 The names, social security numbers, and information regarding
33 persons voluntarily excluded shall be kept confidential
34 unless otherwise ordered by a court or by another person
35 duly authorized to release such information. The process

1 established shall also require a person requesting to be
2 voluntarily excluded be provided information compiled by the
3 Iowa department of public health on gambling treatment options.
4 The state and any licensee under this chapter, ~~or chapter 99D~~ ,
5 or chapter 99E shall not be liable to any person for any claim
6 which may arise from this process. In addition to any other
7 penalty provided by law, any money or thing of value that has
8 been obtained by, or is owed to, a voluntarily excluded person
9 as a result of wagers made by the person after the person has
10 been voluntarily excluded shall be forfeited by the person and
11 shall be credited to the general fund of the state.

12 Sec. 7. Section 99F.4, Code 2019, is amended by adding the
13 following new subsection:

14 NEW SUBSECTION. 27. To adopt standards under which all
15 sports wagering is conducted, including the scope and type of
16 wagers allowed, to identify occupations within sports wagering
17 which require licensing, and to adopt standards for licensing
18 and background qualifications for occupations including
19 establishing fees for the occupational license. All revenue
20 received by the commission under this chapter from license fees
21 shall be deposited in the general fund of the state and shall
22 be subject to the requirements of section 8.60. All revenue
23 received by the commission from regulatory fees shall be
24 deposited into the gaming regulatory revolving fund established
25 in section 99F.20.

26 Sec. 8. Section 99F.5, subsection 1, Code 2019, is amended
27 to read as follows:

28 1. A qualified sponsoring organization may apply to the
29 commission for a license to conduct gambling games on an
30 excursion gambling boat or gambling structure as provided in
31 this chapter. A person may apply to the commission for a
32 license to operate an excursion gambling boat. An operating
33 agreement entered into on or after May 6, 2004, between
34 a qualified sponsoring organization and an operator of an
35 excursion gambling boat or gambling structure shall provide for

1 a minimum distribution by the qualified sponsoring organization
2 for educational, civic, public, charitable, patriotic, or
3 religious uses as defined in section 99B.1, that averages at
4 least three percent of the adjusted gross receipts for each
5 license year and, if applicable, three-quarters of one percent
6 of sports wagering net receipts for each license year. The
7 application shall be filed with the administrator of the
8 commission at least ninety days before the first day of the
9 next excursion season as determined by the commission, shall
10 identify the excursion gambling boat upon which gambling games
11 will be authorized, shall specify the exact location where
12 the excursion gambling boat will be docked, and shall be in
13 a form and contain information as the commission prescribes.
14 The minimum capacity of an excursion gambling boat or gambling
15 structure is two hundred fifty persons.

16 Sec. 9. Section 99F.6, subsection 4, paragraph a,
17 subparagraphs (2) and (3), Code 2019, are amended to read as
18 follows:

19 (2) A qualified sponsoring organization licensed to operate
20 gambling games under [this chapter](#) shall distribute the receipts
21 of all gambling games, less reasonable expenses, charges,
22 taxes, fees, and deductions allowed under [this chapter](#), as
23 winnings to players or participants or shall distribute the
24 receipts for educational, civic, public, charitable, patriotic,
25 or religious uses as defined in section 99B.1. However, a
26 licensee to conduct gambling games under [this chapter](#) shall,
27 unless an operating agreement for an excursion gambling boat
28 otherwise provides, distribute at least three percent of the
29 adjusted gross receipts and, if applicable, three-quarters of
30 one percent of sports wagering net receipts for each license
31 year for educational, civic, public, charitable, patriotic,
32 or religious uses as defined in section 99B.1. However, if a
33 licensee who is also licensed to conduct pari-mutuel wagering
34 at a horse racetrack has unpaid debt from the pari-mutuel
35 racetrack operations, the first receipts of the gambling

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1 games operated within the racetrack enclosure less reasonable
2 operating expenses, taxes, and fees allowed under [this chapter](#)
3 shall be first used to pay the annual indebtedness.

4 (3) The commission shall authorize, subject to the debt
5 payments for horse racetracks and the provisions of paragraph
6 "b" for dog racetracks, a licensee who is also licensed to
7 conduct pari-mutuel dog or horse racing to use receipts
8 from gambling games and sports wagering within the racetrack
9 enclosure to supplement purses for races particularly for
10 Iowa-bred horses pursuant to an agreement which shall be
11 negotiated between the licensee and representatives of the
12 dog or horse owners. For agreements subject to commission
13 approval concerning purses for horse racing beginning on or
14 after January 1, 2006, the agreements shall provide that total
15 annual purses for all horse racing shall be four percent of
16 sports wagering net receipts and no less than eleven percent of
17 the first two hundred million dollars of net receipts, and six
18 percent of net receipts above two hundred million dollars. In
19 addition, live standardbred horse racing shall not be conducted
20 at the horse racetrack in Polk county, but the purse moneys
21 designated for standardbred racing pursuant to section 99D.7,
22 subsection 5, paragraph "b", shall be included in calculating
23 the total annual purses required to be paid pursuant to this
24 subsection. Agreements that are subject to commission approval
25 concerning horse purses for a period of time beginning on
26 or after January 1, 2006, shall be jointly submitted to the
27 commission for approval.

28 **Sec. 10. NEW SECTION. 99F.7A Sports wagering — license —**
29 **terms and conditions — fees.**

30 1. The commission shall, upon payment of an initial license
31 fee of forty-five thousand dollars and submission of an
32 application to the commission consistent with the requirements
33 of section 99F.6, issue a license to conduct sports wagering
34 to a licensee authorized to conduct gambling games at a
35 pari-mutuel racetrack enclosure or a licensee authorized to

1 operate an excursion gambling boat or gambling structure,
2 subject to the requirements of this chapter. The annual
3 renewal fee for a license to conduct sports wagering shall be
4 ten thousand dollars.

5 2. A licensee under this section shall do all of the
6 following:

7 a. Include on the internet site or mobile application used
8 by the licensee to conduct advance deposit sports wagering as
9 authorized in section 99F.9 the statewide telephone number
10 authorized by the Iowa department of public health to provide
11 problem gambling information and extensive responsible gaming
12 features in addition to those described in section 99F.4,
13 subsection 22.

14 b. Establish, subject to commission approval, sports
15 wagering rules that specify the amounts to be paid on winning
16 sports wagers, the effect of changes in the scheduling of an
17 authorized sporting event subject to sports wagering, and the
18 source of the information used to determine the outcome of a
19 sports wager. The sports wagering rules shall be displayed in
20 the licensee's sports wagering area, posted on the internet
21 site or mobile application used by the licensee to conduct
22 advance deposit sports wagering as authorized in section 99F.9,
23 and included in the terms and conditions of the licensee's
24 advance deposit sports wagering system.

25 3. A licensee under this section may enter into operating
26 agreements with one or two entities to have up to a total of
27 two individually branded internet sites to conduct advance
28 deposit sports wagering for the licensee, unless one additional
29 operating agreement or individually branded internet site is
30 authorized by the commission.

31 4. A licensee issued a license to conduct sports wagering
32 under this section shall employ reasonable steps to prohibit
33 coaches, athletic trainers, officials, players, or other
34 individuals who participate in an authorized sporting event
35 that is the subject of sports wagering from sports wagering

1 under this chapter. In addition, a licensee shall employ
2 reasonable steps to prohibit persons who are employed in
3 a position with direct involvement with coaches, players,
4 athletic trainers, officials, players, or participants in
5 an authorized sporting event that is the subject of sports
6 wagering from sports wagering under this chapter.

7 Sec. 11. Section 99F.8, Code 2019, is amended to read as
8 follows:

9 **99F.8 Bond of licensee.**

10 A licensee licensed under [section 99F.7](#) shall post a bond
11 to the state of Iowa before the license is issued in a sum
12 as the commission shall fix, with sureties to be approved by
13 the commission. The bond shall be used to guarantee that the
14 licensee faithfully makes the payments, keeps its books and
15 records and makes reports, and conducts its gambling games and
16 sports wagering in conformity with [this chapter](#) and the rules
17 adopted by the commission. The bond shall not be canceled by
18 a surety on less than thirty days' notice in writing to the
19 commission. If a bond is canceled and the licensee fails to
20 file a new bond with the commission in the required amount on
21 or before the effective date of cancellation, the licensee's
22 license shall be revoked. The total and aggregate liability
23 of the surety on the bond is limited to the amount specified in
24 the bond.

25 Sec. 12. Section 99F.9, subsection 1, Code 2019, is amended
26 to read as follows:

27 1. Except as permitted in [this section](#), the licensee shall
28 not permit ~~no~~ sports wagering or any form of wagering on
29 gambling games.

30 Sec. 13. Section 99F.9, Code 2019, is amended by adding the
31 following new subsection:

32 NEW SUBSECTION. 3A. a. For the purposes of this section,
33 unless the context otherwise requires:

34 (1) "*Advance deposit sports wagering*" means a method of
35 sports wagering in which an eligible individual may, in an

1 account established with a licensee under section 99F.7A,
2 deposit moneys into the account and use the account balance to
3 pay for sports wagering. Prior to January 1, 2021, an account
4 must be established by an eligible individual in person with
5 a licensee.

6 (2) *“Advance deposit sports wagering operator”* means an
7 advance deposit sports wagering operator licensed by the
8 commission who has entered into an agreement with a licensee
9 under section 99F.7A to provide advance deposit sports
10 wagering.

11 (3) *“Eligible individual”* means an individual who is at
12 least twenty-one years of age or older who is located within
13 this state.

14 b. The commission may authorize a licensee under section
15 99F.7A to conduct advance deposit sports wagering. An advance
16 deposit sports wager may be placed in person in the sports
17 wagering area, or from any other location via a telephone-type
18 device or any other electronic means. The commission may also
19 issue an advance deposit sports wagering operator license to
20 an entity who complies with this subsection and section 99F.6
21 and may require the advance deposit sports wagering operator to
22 conduct an audit consistent with the requirements of section
23 99F.13.

24 c. An unlicensed person taking or receiving sports wagers
25 from residents of this state is guilty of a class “D” felony.

26 Sec. 14. Section 99F.9, subsection 4, Code 2019, is amended
27 to read as follows:

28 4. A person under the age of twenty-one years shall not make
29 or attempt to make a wager pursuant to subsection 3A or on an
30 excursion gambling boat, gambling structure, or in a racetrack
31 enclosure and shall not be allowed on the gaming floor of
32 an excursion gambling boat or gambling structure or in the
33 wagering area, as defined in [section 99D.2](#), or on the gaming
34 floor of a racetrack enclosure. However, a person eighteen
35 years of age or older may be employed to work on the gaming

1 floor of an excursion gambling boat or gambling structure or
2 in the wagering area or on the gaming floor of a racetrack
3 enclosure. A person who violates this subsection with respect
4 to making or attempting to make a wager commits a scheduled
5 violation under section 805.8C, subsection 5, paragraph "a".

6 Sec. 15. Section 99F.11, subsection 3, unnumbered paragraph
7 1, Code 2019, is amended to read as follows:

8 The taxes imposed by this section on adjusted gross receipts
9 from gambling games authorized under this chapter shall be paid
10 by the licensee to the treasurer of state within ten days after
11 the close of the day when the wagers were made and shall be
12 distributed as follows:

13 Sec. 16. Section 99F.11, Code 2019, is amended by adding the
14 following new subsection:

15 NEW SUBSECTION. 4. *a.* A tax is imposed on the sports
16 wagering net receipts received each fiscal year by a licensed
17 operator from sports wagering authorized under this chapter at
18 the rate of six and three-quarters percent.

19 *b.* The taxes imposed by this subsection for sports wagering
20 authorized under this chapter shall be paid by the licensed
21 operator to the treasurer of state as determined by the
22 commission and shall be credited as provided in section 8.57,
23 subsection 6.

24 Sec. 17. Section 99F.12, subsection 2, Code 2019, is amended
25 to read as follows:

26 2. *a.* The licensee shall furnish to the commission reports
27 and information as the commission may require with respect to
28 the licensee's activities.

29 *b.* A licensee under section 99F.7A shall promptly report
30 to the commission any criminal or disciplinary proceedings
31 commenced against the licensee or its employees in connection
32 with the licensee conducting sports wagering or advance
33 deposit sports wagering, any abnormal wagering activity or
34 patterns that may indicate a concern about the integrity of an
35 authorized sporting event or events, and any other conduct with

1 the potential to corrupt a wagering outcome of an authorized
2 sporting event for purposes of financial gain, including
3 but not limited to match fixing, and suspicious or illegal
4 wagering activities, including the use of funds derived from
5 illegal activity, wagers to conceal or launder funds derived
6 from illegal activity, use of agents to place wagers, or use
7 of false identification. The commission is required to share
8 any information received pursuant to this paragraph with the
9 division of criminal investigation, any other law enforcement
10 entity upon request, or any regulatory agency the commission
11 deems appropriate. The commission shall promptly report any
12 information received pursuant to this paragraph with any
13 sports team or sports governing body as the commission deems
14 appropriate, but shall not share any information that would
15 interfere with an ongoing criminal investigation.

16 c. The gross receipts and adjusted gross receipts from
17 gambling shall be separately handled and accounted for from
18 all other moneys received from operation of an excursion
19 gambling boat or from operation of a racetrack enclosure or
20 gambling structure licensed to conduct gambling games. The
21 commission may designate a representative to board a licensed
22 excursion gambling boat or to enter a racetrack enclosure or
23 gambling structure licensed to conduct gambling games. The
24 representative shall have full access to all places within the
25 enclosure of the boat, the gambling structure, or the racetrack
26 enclosure and shall directly supervise the handling and
27 accounting of all gross receipts and adjusted gross receipts
28 from gambling. The representative shall supervise and check
29 the admissions. The compensation of a representative shall be
30 fixed by the commission but shall be paid by the licensee.

31 d. With the approval of the commission, a licensee under
32 section 99F.7A shall cooperate with investigations conducted
33 by sports governing bodies, including but not limited to
34 providing or facilitating the provision of account-level
35 betting information and audio or video files relating to

1 persons placing wagers. However, a licensee shall not share
2 information that would interfere with an ongoing criminal
3 investigation.

4 Sec. 18. Section 99F.15, subsection 1, paragraph c, Code
5 2019, is amended to read as follows:

6 c. Acting, or employing a person to act, as a shill or
7 decoy to encourage participation in a gambling game or sports
8 wagering.

9 Sec. 19. Section 99F.15, subsection 4, paragraphs d, h, and
10 i, Code 2019, are amended to read as follows:

11 d. Cheats at a gambling game, including but not limited to
12 committing any act which alters the outcome of the game, or
13 cheats at sports wagering.

14 h. Claims, collects, or takes, or attempts to claim,
15 collect, or take, money or anything of value in or from the
16 gambling games or sports wagering, with intent to defraud,
17 without having made a wager contingent on winning a gambling
18 game or sports wager, or claims, collects, or takes an amount
19 of money or thing of value of greater value than the amount
20 won.

21 i. Knowingly entices or induces a person to go to any place
22 where a gambling game or sports wagering is being conducted or
23 operated in violation of the provisions of [this chapter](#) with
24 the intent that the other person plays or participates in that
25 gambling game or sports wagering.

26 Sec. 20. Section 99F.20, subsection 1, Code 2019, is amended
27 to read as follows:

28 1. A gaming regulatory revolving fund is created in
29 the state treasury under the control of the department of
30 inspections and appeals. The fund shall consist of fees
31 collected and deposited into the fund paid by licensees
32 pursuant to [section 99D.14, subsection 2](#), paragraph "c", fees
33 paid by licensees pursuant to section 99E.5, subsection 4,
34 paragraph "c", regulatory fees paid by licensees pursuant
35 to section 99F.4, subsection 27, and fees paid by licensees

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1 pursuant to section 99F.10, subsection 4, paragraph "c". All
2 costs relating to racetrack, excursion boat, and gambling
3 structure, internet fantasy sports contests as defined in
4 section 99E.1, and sports wagering regulation shall be paid
5 from the fund as provided in appropriations made for this
6 purpose by the general assembly. The department shall provide
7 quarterly reports to the department of management and the
8 legislative services agency specifying revenues billed and
9 collected and expenditures from the fund in a format as
10 determined by the department of management in consultation with
11 the legislative services agency.

12 Sec. 21. EMERGENCY RULES. The state racing and gaming
13 commission created under section 99D.5 may adopt emergency
14 rules under section 17A.4, subsection 3, and section 17A.5,
15 subsection 2, paragraph "b", to implement the provisions of
16 this division of this Act and the rules shall be effective
17 immediately upon filing unless a later date is specified in the
18 rules but in no event earlier than July 4, 2019. Any rules
19 adopted in accordance with this section shall also be published
20 as a notice of intended action as provided in section 17A.4.

21 Sec. 22. IMPLEMENTATION. The racing and gaming commission
22 shall not implement this division of this Act until the later
23 of July 4, 2019, or the date the commission has adopted rules
24 pursuant to chapter 17A providing for such implementation and
25 such rules have become effective.

26 Sec. 23. EFFECTIVE DATE. This division of this Act, being
27 deemed of immediate importance, takes effect upon enactment.

28 DIVISION II

29 FANTASY SPORTS CONTESTS

30 Sec. 24. Section 80.25A, Code 2019, is amended to read as
31 follows:

32 **80.25A ~~Pari-mutuel and gambling game~~ Gaming operations**
33 **investigation and enforcement.**

34 The commissioner of public safety shall direct the chief
35 of the division of criminal investigation to establish a

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1 subdivision to be the primary criminal investigative and
2 enforcement agency for the purpose of enforcement of chapters
3 99D, 99E, and 99F. The commissioner of public safety shall
4 appoint or assign other agents to the division as necessary to
5 enforce chapters 99D, 99E, and 99F. All enforcement officers,
6 assistants, and agents of the division are subject to section
7 80.15 except clerical workers.

8 Sec. 25. Section 80.43, subsection 1, Code 2019, is amended
9 to read as follows:

10 1. A gaming enforcement revolving fund is created in the
11 state treasury under the control of the department. The fund
12 shall consist of fees collected and deposited into the fund
13 paid by licensees pursuant to section 99D.14, subsection 2,
14 paragraph "b", fees and costs paid by applicants pursuant
15 to section 99E.4, subsection 4, and fees paid by licensees
16 pursuant to section 99F.10, subsection 4, paragraph "b". All
17 costs for agents and officers plus any direct support costs
18 for such agents and officers of the division of criminal
19 investigation's racetrack, excursion boat, ~~or~~ gambling
20 structure, and internet fantasy sports contests as defined in
21 section 99E.1 enforcement activities shall be paid from the
22 fund as provided in appropriations made for this purpose by the
23 general assembly.

24 Sec. 26. NEW SECTION. 99E.1 Definitions.

25 As used in this chapter, unless the context otherwise
26 requires:

27 1. "Applicant" means an internet fantasy sports contest
28 service provider applying for a license to conduct internet
29 fantasy sports contests under this chapter.

30 2. "Commission" means the state racing and gaming commission
31 created under section 99D.5.

32 3. "Fantasy sports contest" includes any fantasy or
33 simulated game or contest in which the fantasy sports contest
34 operator is not a participant in the game or contest, the value
35 of all prizes and awards offered to winning participants are

1 established and made known to the participants in advance
2 of the contest, all winning outcomes reflect the relative
3 knowledge and skill of the participants and shall be determined
4 by accumulated statistical results of the performance of
5 individuals, including athletes in the case of sporting events,
6 and no winning outcome is solely based on the score, point
7 spread, or any performance or performances of any single actual
8 team or solely on any single performance of an individual
9 athlete or player in any single actual event. However, until
10 May 1, 2020, "*fantasy sports contest*" does not include any
11 fantasy or simulated game or contest in which any winning
12 outcomes are based on statistical results from a collegiate
13 sporting event as defined in section 99F.1.

14 4. "*Internet fantasy sports contest*" means a method of
15 entering a fantasy sports contest by which a person may
16 establish an account with an internet fantasy sports contest
17 service provider, deposit money into the account, and use
18 the account balance for entering a fantasy sports contest by
19 utilizing electronic communication.

20 5. "*Internet fantasy sports contest adjusted revenues*" means,
21 for each internet fantasy sports contest, the amount equal to
22 the total charges and fees collected from all participants
23 entering the internet fantasy sports contest less winnings paid
24 to participants in the contest, multiplied by the location
25 percentage.

26 6. "*Internet fantasy sports contest player*" means a person
27 who is at least twenty-one years of age and participates in an
28 internet fantasy sports contest operated by an internet fantasy
29 sports contest service provider.

30 7. "*Internet fantasy sports contest service provider*" means
31 a person, including a licensee under chapter 99D or 99F, who
32 conducts an internet fantasy sports contest as authorized by
33 this chapter.

34 8. "*Licensee*" means any person licensed under section 99E.5
35 to conduct internet fantasy sports contests.

1 9. "Location percentage" means, for each internet fantasy
2 sports contest, the percentage, rounded to the nearest tenth of
3 a percent, equal to the total charges and fees collected from
4 all internet fantasy sports contest players located in this
5 state divided by the total charges and fees collected from all
6 participants in the internet fantasy sports contest.

7 Sec. 27. NEW SECTION. **99E.2 Internet fantasy sports**
8 **contests authorized.**

9 The system of entering an internet fantasy sports contest as
10 provided by this chapter is legal when conducted by a licensed
11 internet fantasy sports contest service provider as provided in
12 this chapter.

13 Sec. 28. NEW SECTION. **99E.3 Commission — powers.**

14 1. The commission shall have full jurisdiction over and
15 shall supervise internet fantasy sports contests and internet
16 fantasy sports contest service providers as governed by this
17 chapter.

18 2. The commission shall have the following powers and shall
19 adopt rules pursuant to chapter 17A to administer and implement
20 this chapter:

21 a. To review and investigate applicants and determine the
22 eligibility of applicants for a license to conduct internet
23 fantasy sports contests, pursuant to rules adopted by the
24 commission.

25 b. To license and regulate internet fantasy sports contest
26 service providers subject to the requirements of this chapter.

27 c. To provide for the prevention of practices detrimental to
28 the public and to provide for the best interests of internet
29 fantasy sports contests.

30 d. To investigate alleged violations of this chapter
31 or the commission rules, orders, or final decisions and to
32 take appropriate disciplinary action against a licensee, or
33 institute appropriate legal action for enforcement, or both.
34 Information gathered during an investigation is confidential
35 during the pendency of the investigation.

1 e. To assess fines and revoke or suspend licenses and to
2 impose penalties for violations of this chapter.

3 f. To take any other action as may be reasonable or
4 appropriate to enforce this chapter and the commission rules.

5 Sec. 29. NEW SECTION. **99E.4 Requirements of applicant —**
6 **fee.**

7 1. An applicant for a license to conduct internet fantasy
8 sports contests shall complete and sign an application on
9 the form prescribed and published by the commission. The
10 application shall include such information of the applicant
11 that the commission deems necessary for purposes of issuing a
12 license pursuant to this chapter.

13 2. An applicant shall submit fingerprints and information
14 that the commission deems necessary to the commission in the
15 manner prescribed on the application forms. The fingerprints
16 may be submitted to the federal bureau of investigation by
17 the department of public safety through the state criminal
18 history repository for the purpose of a national criminal
19 history check. The results of a criminal history record check
20 conducted pursuant to this subsection shall be considered a
21 confidential record under chapter 22.

22 3. Before a license is granted, the division of criminal
23 investigation of the department of public safety shall conduct
24 a thorough background investigation of the applicant for a
25 license to conduct internet fantasy sports contests. The
26 applicant shall provide information on a form as required by
27 the division of criminal investigation.

28 4. The commission shall charge the applicant a reasonable
29 fee set by the division of criminal investigation of the
30 department of public safety, to defray those costs associated
31 with the fingerprint and national criminal history check
32 requirements of subsection 2 and background investigations
33 conducted by agents of the division of criminal investigation
34 as provided in subsection 3. These fees and costs are in
35 addition to any other license fees and costs charged by the

1 commission. The fees and costs received by the commission
2 shall be deposited in the gaming enforcement revolving fund
3 established in section 80.43.

4 5. The commission shall not grant a license to an applicant
5 if there is substantial evidence that any of the following
6 apply:

7 a. A license issued to the applicant to conduct internet
8 fantasy sports contests in another jurisdiction has been
9 revoked, or a request for a license to conduct internet fantasy
10 sports contests in another jurisdiction has been denied, by
11 an entity licensing persons to conduct such contests in that
12 jurisdiction.

13 b. The applicant has not demonstrated financial
14 responsibility sufficient to adequately meet the requirements
15 of the enterprise proposed.

16 c. The applicant does not adequately disclose the true
17 owners of the enterprise proposed.

18 d. The applicant has knowingly made a false statement of a
19 material fact to the commission.

20 e. The applicant has failed to meet a monetary obligation in
21 connection with conducting an internet fantasy sports contest.

22 f. The applicant is not of good repute and moral character
23 or the applicant has pled guilty to, or has been convicted of,
24 a felony.

25 g. Any member of the board of directors of the applicant is
26 not twenty-one years of age or older.

27 6. A person who knowingly makes a false statement on the
28 application is guilty of an aggravated misdemeanor.

29 7. For the purposes of this section, "applicant" includes
30 each member of the board of directors of an internet fantasy
31 sports contest service provider.

32 **Sec. 30. NEW SECTION. 99E.5 Licenses — fees — terms and**
33 **conditions — revocation.**

34 1. If the commission is satisfied that the requirements
35 of this chapter and its rules adopted under this chapter

1 applicable to licensees have been or will be complied with, the
2 commission shall, upon payment of an initial license fee of
3 five thousand dollars, issue a license for a period of not more
4 than three years to an applicant to conduct internet fantasy
5 sports contests in this state.

6 2. A licensed internet fantasy sports contest service
7 provider shall use reasonable methods to comply with all of the
8 following requirements:

9 a. Prevent employees of the internet fantasy sports contest
10 service provider and relatives living in the same household of
11 such employees from competing in any internet fantasy sports
12 contest on the service provider's digital platform in which the
13 service provider offers a cash prize to the public.

14 b. Verify that an internet fantasy sports contest player
15 located in this state is twenty-one years of age or older.

16 c. Ensure that coaches, officials, players, contestants,
17 or other individuals who participate in a game or contest
18 that is the subject of an internet fantasy sports contest are
19 restricted from entering an internet fantasy sports contest in
20 which the outcome is determined, in whole or in part, by the
21 accumulated statistical results of a team of individuals in the
22 game or contest in which they participate.

23 d. Include on the internet site or mobile application used
24 by the licensee to conduct internet fantasy sports contests the
25 statewide telephone number authorized by the Iowa department
26 of public health to provide problem gambling information and
27 extensive responsible gaming features in addition to those
28 described in section 99F.4, subsection 22.

29 e. Allow individuals to establish an account with an
30 internet fantasy sports contest service provider by utilizing
31 electronic communication.

32 f. Disclose the number of entries a single internet fantasy
33 sports contest player may submit to each internet fantasy
34 sports contest and take reasonable steps to prevent players
35 from submitting more than the allowable number of entries for

1 that internet fantasy sports contest.

2 *g.* Segregate internet fantasy sports contest player funds
3 from operational funds or maintain a reserve in the form of
4 cash, cash equivalents, an irrevocable letter of credit,
5 payment processor reserves and receivables, a bond, or a
6 combination thereof in the amount of the deposits in internet
7 fantasy sports contest player accounts for the benefit and
8 protection of internet fantasy sports contest player funds held
9 in internet fantasy sports contest accounts by the internet
10 fantasy sports contest service provider.

11 *h.* Conduct an annual audit under section 99E.9.

12 *i.* Pay the tax as provided in section 99E.6.

13 3. The annual license fee to conduct internet fantasy sports
14 contests shall be one thousand dollars or, for a licensed
15 internet fantasy sports contest service provider with total
16 annual internet fantasy sports contest adjusted revenues for
17 the year prior to the annual license fee renewal date of
18 one hundred fifty thousand dollars or greater, five thousand
19 dollars. Moneys collected by the commission from the license
20 fees paid under this section shall be considered repayment
21 receipts as defined in section 8.2.

22 4. *a.* A licensed internet fantasy sports contest service
23 provider shall pay a regulatory fee to the commission. The
24 regulatory fee shall be established by the commission based on
25 the costs of administering and enforcing this chapter.

26 *b.* A licensed internet fantasy sports contest service
27 provider shall receive a credit for the amount of the
28 regulatory fee paid by the provider against the taxes to be
29 paid pursuant to section 99E.6.

30 *c.* Notwithstanding section 8.60, the portion of the fee
31 paid pursuant to paragraph "a" relating to the costs of the
32 commission shall be deposited into the gaming regulatory
33 revolving fund established in section 99F.20.

34 5. Upon a violation of any of the conditions listed in
35 section 99E.4 or this section by a licensee, the commission

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1 shall immediately revoke the license.

2 Sec. 31. NEW SECTION. **99E.6 Internet fantasy sports contest**
3 **tax — rate.**

4 1. A tax is imposed on internet fantasy sports contest
5 adjusted revenues received each fiscal year by an internet
6 fantasy sports contest service provider from internet fantasy
7 sports contests authorized under this chapter at the rate of
8 six and three-quarters percent.

9 2. The taxes imposed by this section for internet fantasy
10 sports contests authorized under this chapter shall be paid by
11 the internet fantasy sports contest service provider to the
12 treasurer of state as determined by the commission and shall be
13 credited as provided in section 8.57, subsection 6.

14 Sec. 32. NEW SECTION. **99E.7 Internet fantasy sports**
15 **contests — age restrictions.**

16 A person under the age of twenty-one years shall not enter an
17 internet fantasy sports contest. A person who violates this
18 section with respect to entering an internet fantasy sports
19 contest commits a scheduled violation under section 805.8C,
20 subsection 12.

21 Sec. 33. NEW SECTION. **99E.8 Licensees — records — reports**
22 **— confidentiality.**

23 1. An internet fantasy sports contest service provider
24 shall keep its books and records so as to clearly show the
25 internet fantasy sports contest adjusted revenues for each
26 internet fantasy sports contest subject to tax in this state.

27 2. *a.* The licensee shall furnish to the commission reports
28 and information as the commission may require with respect to
29 the licensee's activities.

30 *b.* A licensee shall promptly report to the commission any
31 criminal or disciplinary proceedings commenced against the
32 licensee or its employees in connection with the licensee
33 conducting an internet fantasy sports contest, any abnormal
34 contest activity or patterns that may indicate a concern about
35 the integrity of an internet fantasy sports contest, and any

1 other conduct with the potential to corrupt an outcome of an
2 internet fantasy sports contest for purposes of financial gain,
3 including but not limited to match fixing, and suspicious or
4 illegal internet fantasy sports contest activities, including
5 the use of funds derived from illegal activity, deposits of
6 money to enter an internet fantasy sports contest to conceal
7 or launder funds derived from illegal activity, use of agents
8 to enter an internet fantasy sports contest, or use of false
9 identification. The commission is required to share any
10 information received pursuant to this paragraph with the
11 division of criminal investigation, any other law enforcement
12 entity upon request, or any regulatory agency the commission
13 deems appropriate. The commission shall promptly report any
14 information received pursuant to this paragraph with any
15 sports team or sports governing body as the commission deems
16 appropriate, but shall not share any information that would
17 interfere with an ongoing criminal investigation.

18 3. Except as provided in subsection 4, the books and records
19 kept by a licensee as provided by this section are public
20 records and the examination, publication, and dissemination of
21 the books and records are governed by the provisions of chapter
22 22.

23 4. The records of the commission shall be governed by the
24 provisions of chapter 22, provided that, in addition to records
25 that may be kept confidential pursuant to section 22.7, the
26 following records provided by a licensee to the commission
27 shall be kept confidential, unless otherwise ordered by a
28 court, by the lawful custodian of the records, or by another
29 person duly authorized to release such information:

- 30 a. Patron and customer records.
- 31 b. Security reports and network audits.
- 32 c. Internal control and compliance records.
- 33 d. Employee records.
- 34 e. Marketing expenses.
- 35 f. Supplemental schedules to the certified audit, except for

1 those books and records as described in subsection 1 of this
2 section, that are obtained by the commission in connection with
3 the annual audit under section 99E.9.

4 *g.* Any information specifically requested for inspection by
5 the commission or a representative of the commission.

6 Sec. 34. NEW SECTION. **99E.9 Annual audit of licensee**
7 **operations.**

8 Within one hundred eighty days after the end of the
9 licensee's fiscal year, the licensee shall transmit to the
10 commission an audit of the licensee's total internet fantasy
11 sports contest operations, including an itemization of all
12 expenses and subsidies. Each audit shall be conducted by a
13 certified public accountant authorized to practice in the state
14 of Iowa under chapter 542 who is selected by the licensee and
15 approved by the commission.

16 Sec. 35. NEW SECTION. **99E.10 Civil penalty.**

17 A person who willfully fails to comply with the requirements
18 of this chapter and the rules adopted pursuant to chapter 17A
19 under this chapter shall be liable for a civil penalty of not
20 more than one thousand dollars for each violation, not to
21 exceed ten thousand dollars for violations arising out of the
22 same transaction or occurrence, which shall accrue to the state
23 and may be recovered in a civil action.

24 Sec. 36. Section 99F.2, Code 2019, is amended to read as
25 follows:

26 **99F.2 Scope of provisions.**

27 This chapter does not apply to the pari-mutuel system of
28 wagering used or intended to be used in connection with the
29 horse-race or dog-race meetings as authorized under chapter
30 99D, internet fantasy sports contests authorized under chapter
31 99E, lottery or lotto games authorized under **chapter 99G**, or
32 bingo or games of skill or chance authorized under **chapter 99B**.

33 Sec. 37. Section 99F.4B, Code 2019, is amended to read as
34 follows:

35 **99F.4B Rules.**

1 The department of inspections and appeals shall cooperate
2 to the maximum extent possible with the division of criminal
3 investigation in adopting rules relating to the gaming
4 operations in this chapter and ~~chapter~~ chapters 99D and 99E.

5 Sec. 38. Section 232C.4, subsection 3, Code 2019, is amended
6 to read as follows:

7 3. An emancipated minor shall remain subject to voting
8 restrictions under chapter 48A, gambling restrictions under
9 chapter 99B, 99D, 99F, 99G, or 725, internet fantasy sports
10 contest restrictions under chapter 99E, alcohol restrictions
11 under chapter 123, compulsory attendance requirements under
12 chapter 299, and cigarette tobacco restrictions under chapter
13 453A.

14 Sec. 39. Section 714B.10, subsection 1, Code 2019, is
15 amended to read as follows:

16 1. Advertising by sponsors registered pursuant to chapter
17 557B, licensed pursuant to chapter 99B, or regulated pursuant
18 to chapter 99D, 99E, 99F, or 99G.

19 Sec. 40. Section 725.7, subsection 1, paragraph e, Code
20 2019, is amended to read as follows:

21 e. Engage in bookmaking, except as permitted in chapters 99E
22 and 99F.

23 Sec. 41. Section 725.13, Code 2019, is amended to read as
24 follows:

25 **725.13 Definition of bookmaking.**

26 "*Bookmaking*" means advancing gambling activity by accepting
27 bets upon the outcome of future contingent events as a business
28 other than as permitted in chapters 99B, 99D, 99E, and 99F.

29 These events include, but are not limited to, the results of
30 a trial or contest of skill, speed, power, or endurance of
31 a person or beast or between persons, beasts, fowl, motor
32 vehicles, or mechanical apparatus or upon the result of any
33 chance, casualty, unknown, or contingent event.

34 Sec. 42. Section 725.15, Code 2019, is amended to read as
35 follows:

1 The fund shall consist of appropriations made to the fund and
2 transfers of interest, earnings, and moneys from other funds
3 or sources as provided by law. The sports wagering receipts
4 fund shall be separate from the general fund of the state and
5 the balance in the sports wagering receipts fund shall not
6 be considered part of the balance of the general fund of the
7 state. However, the sports wagering receipts fund shall be
8 considered a special account for the purposes of section 8.53,
9 relating to generally accepted accounting principles.

10 *b.* Moneys in the sports wagering receipts fund are not
11 subject to section 8.33. Notwithstanding section 12C.7,
12 subsection 2, interest or earnings on moneys in the sports
13 wagering receipts fund shall be credited to the fund. Moneys
14 in the sports wagering receipts fund may be used for cash flow
15 purposes during a fiscal year provided that any moneys so
16 allocated are returned to the fund by the end of that fiscal
17 year.

18 *c.* Moneys in the sports wagering receipts fund in a fiscal
19 year shall be used as directed by the general assembly.

20 *d.* Annually, on or before January 15 of each year, a
21 state agency that received an appropriation from the sports
22 wagering receipts fund shall report to the legislative services
23 agency and the department of management the status of all
24 projects completed or in progress. The report shall include
25 a description of the project, the progress of work completed,
26 the total estimated cost of the project, a list of all revenue
27 sources being used to fund the project, the amount of funds
28 expended, the amount of funds obligated, and the date the
29 project was completed or an estimated completion date of the
30 project, where applicable.

31 *e.* Annually, on or before December 31 of each year, a
32 recipient of moneys from the sports wagering receipts fund
33 for any purpose shall report to the state agency to which the
34 moneys are appropriated the status of all projects completed
35 or in progress. The report shall include a description of the

1 project, the progress of work completed, the total estimated
2 cost of the project, a list of all revenue sources being used
3 to fund the project, the amount of funds expended, the amount
4 of funds obligated, and the date the project was completed or
5 an estimated completion date of the project, where applicable.

6 Sec. 48. Section 15E.311, subsection 3, paragraph a, Code
7 2019, is amended to read as follows:

8 a. At the end of each fiscal year, moneys in the fund
9 shall be transferred into separate accounts within the fund
10 and designated for use by each county in which no licensee
11 authorized to conduct gambling games under [chapter 99F](#) was
12 located during that fiscal year. Moneys transferred to
13 county accounts shall be divided equally among the counties.
14 Moneys transferred into an account for a county shall be
15 transferred by the department to an eligible county recipient
16 for that county. Of the moneys transferred, an eligible county
17 recipient shall distribute seventy-five percent of the moneys
18 as grants to charitable organizations for charitable purposes
19 in that county and shall retain twenty-five percent of the
20 moneys for use in establishing a permanent endowment fund
21 for the benefit of charitable organizations for charitable
22 purposes. In addition, of the moneys transferred from moneys
23 appropriated to the fund from the sports wagering receipts
24 fund created in section 8.57, subsection 6, and distributed,
25 eligible county recipients shall give consideration for grants,
26 upon application, to a charitable organization that operates
27 a racetrack facility that conducts automobile races in that
28 county. Of the amounts distributed, eligible county recipients
29 shall give special consideration to grants for projects that
30 include significant vertical infrastructure components designed
31 to enhance quality of life aspects within local communities.
32 In addition, as a condition of receiving a grant, the governing
33 body of a charitable organization receiving a grant shall
34 approve all expenditures of grant moneys and shall allow a
35 state audit of expenditures of all grant moneys.

1 Sec. 49. Section 99B.41, Code 2019, is amended by adding the
2 following new subsection:

3 NEW SUBSECTION. 1A. *"Social fantasy sports contest"* means
4 any fantasy or simulated game or contest in which the value
5 of all prizes and awards offered to winning participants are
6 established and made known to the participants in advance of
7 the contest and do not exceed a total of one thousand dollars
8 or equivalent consideration, all winning outcomes reflect
9 the relative knowledge and skill of the participants and
10 shall be determined by accumulated statistical results of the
11 performance of individuals in events occurring over more than
12 a twenty-four-hour period, including athletes in the case of
13 sporting events, and no winning outcome is solely based on the
14 score, point spread, or any performance or performances of
15 any single actual team or solely on any single performance of
16 an individual athlete or player in any single actual event.
17 *"Social fantasy sports contest"* does not include an internet
18 fantasy sports contest as defined in section 99E.1.

19 Sec. 50. Section 99B.45, subsection 2, Code 2019, is amended
20 by adding the following new paragraph:

21 NEW PARAGRAPH. c. A social fantasy sports contest.

22 Sec. 51. Section 99F.6, Code 2019, is amended by adding the
23 following new subsection:

24 NEW SUBSECTION. 9. The board of directors of a qualified
25 sponsoring organization licensed to operate gambling games
26 under this chapter shall be residents of this state and shall
27 include, as ex officio, nonvoting members of the board, a
28 member of the county board of supervisors and a member of a
29 city council for each county and city that has a licensed
30 gambling games facility operated by the qualified sponsoring
31 organization. The ex officio members shall serve terms of the
32 same duration as voting members of the board. However, this
33 subsection shall not apply to an agency, instrumentality, or
34 political subdivision of the state that is licensed to conduct
35 gambling games under this chapter.

1 Sec. 52. EFFECTIVE DATE. The following, being deemed of
2 immediate importance, takes effect upon enactment:

3 The section of this division of this Act amending section
4 8.57.>

5 2. Title page, by striking lines 1 through 4 and inserting
6 <An Act relating to gambling regulation and wagering, by
7 providing for sports wagering and fantasy sports contests,
8 providing for taxes and fees, making penalties applicable, and
9 including implementation and effective date provisions.>

KAUFMANN of Cedar