

Senate File 2470

S-5142

1 Amend Senate File 2470 as follows:

2 1. Page 1, before line 1 by inserting:

3 <DIVISION I
4 DESIGNATED CONTRACT MARKET TAX>

5 2. Page 1, line 35, by striking <an authorized> and
6 inserting <a>

7 3. Page 3, line 5, by striking <ten> and inserting <twenty>

8 4. Page 3, line 8, by striking <Prediction> and inserting
9 <Designated contract>

10 5. Page 3, after line 25 by inserting:

11 <Sec. _____. NEW SECTION. 99H.8 Applicability.

12 This chapter applies to a designated contract market
13 permitting persons in this state to trade event-driven
14 contracts until such time a court of competent jurisdiction,
15 after all appeals have been exhausted, determines that
16 event-driven contracts are subject to regulation under chapter
17 99F.>

18 6. Page 5, line 18, after <this> by inserting <division of
19 this>

20 7. Page 5, line 20, by striking <Act enacting section
21 422.33> and inserting <division of this Act enacting section
22 422.35>

23 8. Page 5, line 23, by striking <prediction> and inserting
24 <designated contract>

25 9. Page 5, after line 26 by inserting:

26 <DIVISION ____
27 EVENT-DRIVEN CONTRACT EXCISE TAX

28 Sec. _____. NEW SECTION. 453F.1 Definitions.

29 As used in this chapter, unless the context otherwise
30 requires:

31 1. "Department" means the department of revenue.

32 2. "Designated contract market" means a digital marketplace
33 for trading event-driven contracts that is also regulated by
34 the federal commodity futures trading commission.

35 3. "Director" means the director of revenue.

1 4. "*Economic indicators*" means a statistic or data point
2 about an economic activity that allows an analyst to assess
3 current economic performance.

4 5. "*Event-driven contract*" means a financial derivative
5 traded on a designated contract market that provides a fixed
6 binary payout based upon the occurrence or nonoccurrence of a
7 specific future event that is contingent upon and determined
8 solely by the definitive outcome of a verifiable specific event
9 or external measure rather than being based upon the continuous
10 fluctuation of a security price, commodity value, or interest
11 rate that may or may not correlate with traditional market
12 prices or broad economic measures. An "*event-driven contract*"
13 is limited to those financial derivatives that provide a fixed
14 binary payout related to sporting activities, lotteries,
15 elections, legislative actions, and economic indicators.

16 6. "*Sporting activities*" means the outcome of a sporting
17 event, outcomes within the event, or outcomes surrounding the
18 event.

19 7. "*Trader*" means any person buying or selling event-driven
20 contracts on a designated contract market.

21 Sec. _____. NEW SECTION. **453F.2 Scope of chapter.**

22 This chapter does not apply to the pari-mutuel system of
23 wagering used or intended to be used in connection with the
24 horse-race or dog-race meetings as authorized under chapter
25 99D, fantasy sports contests as authorized under chapter
26 99E, sports wagering authorized under chapter 99F, or other
27 financial derivatives that are not event-driven contracts.

28 Sec. _____. NEW SECTION. **453F.3 Event-driven contract excise
29 tax.**

30 For the privilege of doing business in the state as a
31 designated contract market, a tax is imposed on the amount
32 to buy an event-driven contract on a designated contract
33 market at the rate of twenty percent of the amount to buy the
34 event-driven contract. The taxes imposed for event-driven
35 contracts under this chapter shall be collected by the

1 designated contract market and paid to the treasurer of state
2 as determined by the department.

3 Sec. ____ . NEW SECTION. **453F.4 Revenues.**

4 All revenues generated under this chapter shall be deposited
5 into the general fund of the state.

6 Sec. ____ . NEW SECTION. **453F.5 Administration.**

7 1. The director shall administer the excise tax imposed
8 under this chapter as nearly as possible in conjunction with
9 the administration of the state sales and use tax law, except
10 that portion of the law that implements the streamlined sales
11 and use tax agreement. The director shall provide appropriate
12 forms, or provide on the regular state tax forms, for reporting
13 event-driven contract excise tax liability, and for ease
14 of administration may require event-driven contract excise
15 tax liability to be identified, reported, and remitted to
16 the department as sales and use tax liability, provided the
17 department has the ability to properly identify such amounts as
18 event-driven contract excise tax revenues upon receipt.

19 2. The director may require all persons who are engaged
20 in the business of deriving any sales price or purchase
21 price subject to tax under this chapter to register with
22 the department. The director may also require a tax permit
23 applicable only to this section for any designated contract
24 market not collecting, or any trader not paying, taxes under
25 chapter 423.

26 3. Section 422.25, subsection 4, sections 422.30, 422.67,
27 and 422.68, section 422.69, subsection 1, sections 422.70,
28 422.71, 422.72, 422.74, and 422.75, section 423.14, subsection
29 1, and sections 423.23, 423.24, 423.25, 423.31 through 423.35,
30 423.37, 423.39 through 423.42, and 423.47, consistent with
31 the provisions of this chapter, shall apply with respect to
32 the tax authorized under this chapter in the same manner and
33 with the same effect as if the excise taxes on the trades
34 were retail sales taxes within the meaning of those statutes.
35 Notwithstanding this subsection, the director shall provide for

1 monthly filing of returns and for other than monthly filing of
2 returns both as prescribed in section 423.31.

3 4. The tax imposed by this chapter shall not apply with
4 respect to any trades which under the constitution and laws of
5 the United States may not be made the subject of taxation by
6 this state.

7 5. The tax imposed by this chapter shall be in addition to
8 any other taxes imposed by law.

9 6. All excise taxes collected under this chapter by any
10 person are deemed to be held in trust for the state of Iowa.

11 7. The department shall adopt rules pursuant to chapter 17A
12 to administer this chapter.

13 Sec. _____. CONTINGENT EFFECTIVE DATE. This division of this
14 Act takes effect six months from the date the attorney general
15 notifies the general assembly and the Code editor that the tax
16 imposed in section 99H.5, if enacted by this Act, has been
17 declared unconstitutional or is otherwise unenforceable by the
18 state, and all appeals have been exhausted.>

19 10. Title page, line 3, after <revenues> by inserting <or
20 amounts traded>

21 11. Title page, line 5, by striking <applicability> and
22 inserting <contingent effective date, applicability,>

23 12. By renumbering as necessary.

DAN DAWSON