

SENATE/HOUSE FILE _____
BY (PROPOSED DEPARTMENT OF
REVENUE BILL)

A BILL FOR

1 An Act relating to state income tax withholdings on winnings
2 from sports wagering, and including effective date
3 provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 99F.18, Code 2025, is amended to read as
2 follows:

3 **99F.18 Tax on winnings.**

4 1. All winnings derived from slot machines operated
5 pursuant to this chapter are Iowa earned income and are subject
6 to state and federal income tax laws. An amount deducted from
7 winnings for payment of the state tax, pursuant to section
8 422.16, subsection 2, shall be remitted to the department of
9 revenue on behalf of the winner.

10 2. All winnings from sports wagering authorized under this
11 chapter are Iowa earned income and are subject to state and
12 federal income tax laws. An amount deducted from winnings for
13 payment of state tax pursuant to section 422.16, subsection 2,
14 shall be remitted to the department of revenue on behalf of the
15 winner.

16 Sec. 2. Section 422.16, subsection 2, paragraph d, Code
17 2025, is amended to read as follows:

18 *d.* For the purposes of this subsection, state income tax
19 shall be withheld on winnings in excess of six hundred dollars
20 derived from gambling activities authorized under chapter
21 99B or 99G. State income tax shall be withheld on winnings
22 in excess of one thousand dollars from gambling activities
23 authorized under chapter 99D. State income tax shall be
24 withheld on winnings in excess of one thousand two hundred
25 dollars derived from slot machines authorized under chapter
26 99F. State income tax shall be withheld on winnings from
27 sports wagering authorized under chapter 99F whenever federal
28 income tax is required to be withheld from the same winnings in
29 accordance with the Internal Revenue Code.

30 Sec. 3. EFFECTIVE DATE. This Act takes effect January 1,
31 2026.

32 EXPLANATION

33 The inclusion of this explanation does not constitute agreement with
34 the explanation's substance by the members of the general assembly.

35 This bill specifies all winnings from sports wagering are

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1 considered Iowa earned income and subject to Iowa and federal
2 income tax laws. If sports wagering winnings are subject to
3 federal income tax withholding, the bill requires Iowa state
4 income tax be withheld from the winnings.

5 The bill takes effect on January 1, 2026.