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## FISCAL TOPICS

Fiscal Services Division

December 4, 2023



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Des Moines, Iowa 50319

515.281.3566

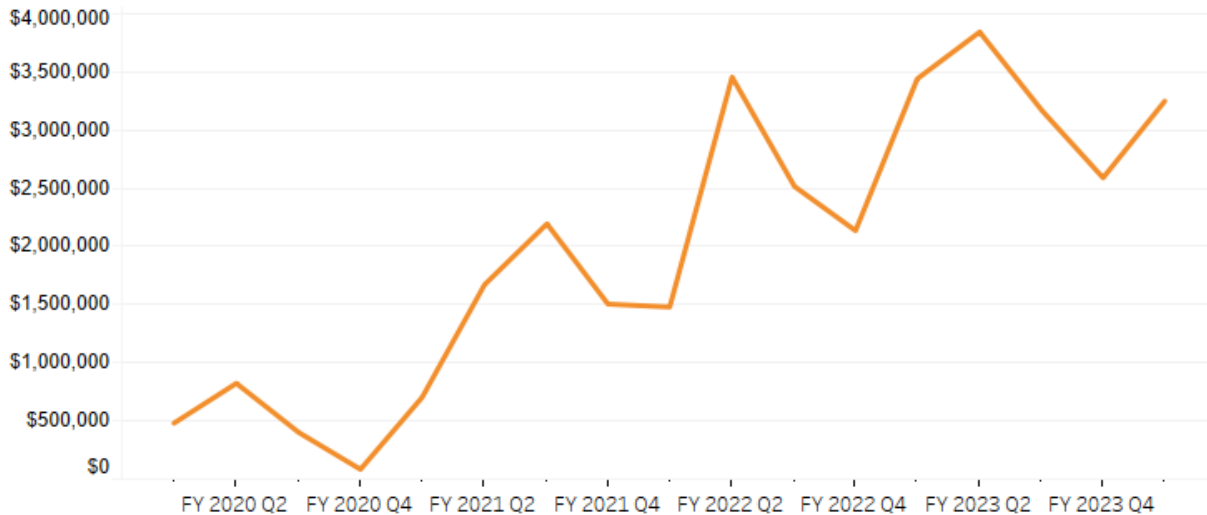
## Sports Wagering Receipts Fund

The Sports Wagering Receipts Fund was established in FY 2020 by passage of 2019 Iowa Acts, chapter [132](#) (Sports Wagering and Fantasy Sports Act), which authorized sports wagering and fantasy sports contests in the State. The Fund receives sports wagering taxes and Internet fantasy sports taxes.

### Wagering Taxes

A 6.75% tax rate is imposed on sports wagering net receipts, defined as gross receipts less winnings paid to wagerers, and the tax revenue is deposited in the Sports Wagering Receipts Fund. **Figure 1** shows the total amount collected in sports wagering State tax by quarter in FY 2020, FY 2021, FY 2022, and FY 2023.

**Figure 1 — Sports Wagering State Tax by Quarter**



Source: Iowa Racing and Gaming Commission

A 6.75% tax rate is also imposed on Internet fantasy sports contest adjusted revenues, defined as the amount equal to the total charges and fees collected less the winnings paid to participants, multiplied by a location percentage. The location percentage is equal to the total charges and fees collected from all Internet fantasy sports contest players in the State divided by the total charges and fees collected from all participants in the contest. The tax revenue generated from Internet fantasy sports contests is reduced by a tax credit equal to the regulatory fee paid to the Iowa Racing and Gaming Commission by the contest provider.

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### More Information

Iowa Racing and Gaming Commission: [irgc.iowa.gov](http://irgc.iowa.gov)  
LSA Staff Contact: Maria Wagenhofer (515.281.5270) [maria.wagenhofer@legis.iowa.gov](mailto:maria.wagenhofer@legis.iowa.gov)

Internet fantasy sports contest tax revenue is also deposited in the Sports Wagering Receipts Fund. Internet fantasy sports generated approximately \$19,000 in State taxes in FY 2021, approximately \$18,000 in FY 2022, and approximately \$14,000 in FY 2023. No State tax revenue was generated by Internet fantasy sports in FY 2020.

### Appropriations

Since FY 2020, the General Assembly has appropriated funds from the Fund for three purposes. The General Assembly appropriated \$300,000 in FY 2020 and \$1.8 million in FY 2021, FY 2022, and FY 2023 to the Gambling Treatment Program under the Department of Public Health. In FY 2022 and FY 2023, the General Assembly also appropriated \$1.5 million to the Sports Tourism Program under the Economic Development Authority. In FY 2023, the General Assembly appropriated \$7.0 million to the General Fund for the Endow Iowa Tax Credit Program. **Figure 2** shows the revenue and appropriations from the Sports Wagering Receipts Fund in FY 2020, FY 2021, FY 2022, and FY 2023.

**Figure 2 — Sports Wagering Receipts Fund**

	FY 2020	FY 2021	FY 2022	FY 2023
<b>Revenue</b>				
Beginning Account Balance	\$ 0	\$ 1,499,735	\$ 5,846,701	\$ 12,228,656
Pari-Mutuel Receipts	1,788,241	6,091,872	9,603,539	12,890,229
Interest	11,494	5,094	28,416	462,097
Total Revenues	<u>\$ 1,799,735</u>	<u>\$ 7,596,701</u>	<u>\$ 15,478,656</u>	<u>\$ 25,580,982</u>
<b>Appropriations</b>				
Sports Tourism Program	\$ 0	\$ 0	\$ 1,500,000	\$ 1,500,000
Gambling Treatment Program	300,000	1,750,000	1,750,000	1,750,000
General Fund - Endow Iowa Tax Credit	0	0	0	7,000,000
Total Appropriations	<u>\$ 300,000</u>	<u>\$ 1,750,000</u>	<u>\$ 3,250,000</u>	<u>\$ 10,250,000</u>
Reversion	0	0	0	0
Ending Balance	<u>\$ 1,499,735</u>	<u>\$ 5,846,701</u>	<u>\$ 12,228,656</u>	<u>\$ 15,330,982</u>

### Licensing Fees

For gaming entities conducting sports wagering, there is an initial licensing fee of \$45,000 and an annual licensing renewal fee of \$10,000. These license fees are deposited into the General Fund. For gaming entities conducting Internet fantasy sports contests, there is an initial license fee of \$5,000 and an annual licensing renewal fee of \$1,000. However, if the licensee collected Internet fantasy sports contest revenue greater than \$150,000 in the previous fiscal year, the annual renewal fee is \$5,000. Internet fantasy sports contest license fees are considered repayment receipts as defined in Iowa Code section [8.2](#). The Sports Wagering Receipts Fund does not receive licensing revenue.

### Related Statutes and Administrative Rules

Iowa Code chapters [99D](#), [99E](#), and [99F](#)

Iowa Administrative Code [491—13](#) and [491—14](#)