

CHAPTER 99E

INTERNET FANTASY SPORTS CONTESTS

Referred to in [§80.25A](#), [99D.7](#), [99D.14](#), [99F.2](#), [99F.4](#), [99F.4B](#), [99F.10](#), [232C.4](#), [714B.10](#), [725.7](#), [725.13](#), [725.15](#)

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99E.1 Definitions.

As used in [this chapter](#), unless the context otherwise requires:

1. “*Applicant*” means an internet fantasy sports contest service provider applying for a license to conduct internet fantasy sports contests under [this chapter](#).

2. “*Commission*” means the state racing and gaming commission created under [section 99D.5](#).

3. “*Fantasy sports contest*” includes any fantasy or simulated game or contest in which the fantasy sports contest operator is not a participant in the game or contest, the value of all prizes and awards offered to winning participants are established and made known to the participants in advance of the contest, all winning outcomes reflect the relative knowledge and skill of the participants and shall be determined by accumulated statistical results of the performance of individuals, including athletes in the case of sporting events, and no winning outcome is solely based on the score, point spread, or any performance or performances of any single actual team or solely on any single performance of an individual athlete or player in any single actual event. However, until May 1, 2020, “*fantasy sports contest*” does not include any fantasy or simulated game or contest in which any winning outcomes are based on statistical results from a collegiate sporting event as defined in [section 99F.1](#).

4. “*Internet fantasy sports contest*” means a method of entering a fantasy sports contest by which a person may establish an account with an internet fantasy sports contest service provider, deposit money into the account, and use the account balance for entering a fantasy sports contest by utilizing electronic communication.

5. “*Internet fantasy sports contest adjusted revenues*” means, for each internet fantasy sports contest, the amount equal to the total charges and fees collected from all participants entering the internet fantasy sports contest less winnings paid to participants in the contest, multiplied by the location percentage.

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

7. “*Internet fantasy sports contest service provider*” means a person, including a licensee under [chapter 99D](#) or [99F](#), who conducts an internet fantasy sports contest as authorized by [this chapter](#).

8. “*Licensee*” means any person licensed under [section 99E.5](#) to conduct internet fantasy sports contests.

9. “*Location percentage*” means, for each internet fantasy sports contest, the percentage, rounded to the nearest tenth of a percent, equal to the total charges and fees collected from all internet fantasy sports contest players located in this state divided by the total charges and fees collected from all participants in the internet fantasy sports contest.

[2019 Acts, ch 132, §26, 45, 46](#)

Referred to in [§80.43](#), [99B.41](#), [99D.7](#), [99F.1](#), [99F.4](#), [99F.20](#)

99E.2 Internet fantasy sports contests authorized.

The system of entering an internet fantasy sports contest as provided by [this chapter](#) is legal when conducted by a licensed internet fantasy sports contest service provider as provided in [this chapter](#).

[2019 Acts, ch 132, §27, 45, 46](#)

99E.3 Commission — powers.

1. The commission shall have full jurisdiction over and shall supervise internet fantasy sports contests and internet fantasy sports contest service providers as governed by [this chapter](#).

2. The commission shall have the following powers and shall adopt rules pursuant to [chapter 17A](#) to administer and implement [this chapter](#):

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

b. To license and regulate internet fantasy sports contest service providers subject to the requirements of [this chapter](#).

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

d. To investigate alleged violations of [this chapter](#) or the commission rules, orders, or final decisions and to take appropriate disciplinary action against a licensee, or institute appropriate legal action for enforcement, or both. Information gathered during an investigation is confidential during the pendency of the investigation.

e. To assess fines and revoke or suspend licenses and to impose penalties for violations of [this chapter](#).

f. To take any other action as may be reasonable or appropriate to enforce [this chapter](#) and the commission rules.

[2019 Acts, ch 132, §28, 45, 46](#)

99E.4 Requirements of applicant — fee.

1. An applicant for a license to conduct internet fantasy sports contests shall complete and sign an application on the form prescribed and published by the commission. The application shall include such information of the applicant that the commission deems necessary for purposes of issuing a license pursuant to [this chapter](#).

2. An applicant shall submit fingerprints and information that the commission deems necessary to the commission in the manner prescribed on the application forms. The fingerprints may be submitted to the federal bureau of investigation by the department of public safety through the state criminal history repository for the purpose of a national criminal history check. The results of a criminal history record check conducted pursuant to [this subsection](#) shall be considered a confidential record under [chapter 22](#).

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

4. The commission shall charge the applicant a reasonable fee set by the division of criminal investigation of the department of public safety, to defray those costs associated with the fingerprint and national criminal history check requirements of [subsection 2](#) and background investigations conducted by agents of the division of criminal investigation as provided in [subsection 3](#). These fees and costs are in addition to any other license fees and costs charged by the commission. The fees and costs received by the commission shall be deposited in the gaming enforcement revolving fund established in [section 80.43](#).

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

a. A license issued to the applicant to conduct internet fantasy sports contests in another jurisdiction has been revoked, or a request for a license to conduct internet fantasy sports

contests in another jurisdiction has been denied, by an entity licensing persons to conduct such contests in that jurisdiction.

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

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

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

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

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

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

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

7. For the purposes of [this section](#), “applicant” includes each member of the board of directors of an internet fantasy sports contest service provider.

[2019 Acts, ch 132, §29, 45, 46](#)

Referred to in [§80.43, 99E.5](#)

99E.5 Licenses — fees — terms and conditions — revocation.

1. If the commission is satisfied that the requirements of [this chapter](#) and its rules adopted under [this chapter](#) applicable to licensees have been or will be complied with, the commission shall, upon payment of an initial license fee of five thousand dollars, issue a license for a period of not more than three years to an applicant to conduct internet fantasy sports contests in this state.

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

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

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

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

d. Include on the internet site or mobile application used by the licensee to conduct internet fantasy sports contests the statewide telephone number authorized by the department of health and human services to provide problem gambling information and extensive responsible gaming features in addition to those described in [section 99F.4, subsection 22](#).

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

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

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

h. Conduct an annual audit under [section 99E.9](#).

- i. Pay the tax as provided in [section 99E.6](#).
 - j. Prohibit participants in an internet fantasy sports contest from making any payments by credit card.
 3. The annual license fee to conduct internet fantasy sports contests shall be one thousand dollars or, for a licensed internet fantasy sports contest service provider with total annual internet fantasy sports contest adjusted revenues for the year prior to the annual license fee renewal date of one hundred fifty thousand dollars or greater, five thousand dollars. Moneys collected by the commission from the license fees paid under [this section](#) shall be considered appropriated receipts as defined in [section 8.2](#).
 4.
 - a. A licensed internet fantasy sports contest service provider shall pay a regulatory fee to the commission. The regulatory fee shall be established by the commission based on the costs of administering and enforcing [this chapter](#).
 - b. A licensed internet fantasy sports contest service provider shall receive a credit for the amount of the regulatory fee paid by the provider against the taxes to be paid pursuant to [section 99E.6](#).
 - c. The portion of the fee paid pursuant to paragraph “a” relating to the costs of the commission shall be deposited into the gaming regulatory revolving fund established in [section 99F.20](#).
 5. Upon a violation of any of the conditions listed in [section 99E.4](#) or [this section](#) by a licensee, the commission shall immediately revoke the license.

[2019 Acts, ch 132, §30, 45, 46; 2020 Acts, ch 1066, §2; 2023 Acts, ch 19, §64; 2024 Acts, ch 1185, §125, 126](#)

Referred to in [§99E.1, 99F.20](#)

99E.6 Internet fantasy sports contest tax — rate — allocation.

1. A tax is imposed on internet fantasy sports contest adjusted revenues received each fiscal year by an internet fantasy sports contest service provider from internet fantasy sports contests authorized under [this chapter](#) at the rate of six and three-quarters percent.
2. The taxes imposed by [this section](#) for internet fantasy sports contests authorized under [this chapter](#) shall be paid by the internet fantasy sports contest service provider to the treasurer of state as determined by the commission and shall be credited as provided in [section 8.57I](#).

[2019 Acts, ch 132, §31, 45, 46; 2024 Acts, ch 1185, §127](#)

Referred to in [§99E.5](#)

99E.7 Internet fantasy sports contests — age restrictions.

A person under the age of twenty-one years shall not enter an internet fantasy sports contest. A person who violates [this section](#) with respect to entering an internet fantasy sports contest commits a scheduled violation under [section 805.8C, subsection 13](#).

[2019 Acts, ch 132, §32, 45, 46](#)

Referred to in [§805.8C\(13\)](#)

99E.8 Licensees — records — reports — confidentiality.

1. An internet fantasy sports contest service provider shall keep its books and records so as to clearly show the internet fantasy sports contest adjusted revenues for each internet fantasy sports contest subject to tax in this state.
2.
 - a. The licensee shall furnish to the commission reports and information as the commission may require with respect to the licensee’s activities.
 - b. A licensee shall promptly report to the commission any criminal or disciplinary proceedings commenced against the licensee or its employees in connection with the licensee conducting an internet fantasy sports contest, any abnormal contest activity or patterns that may indicate a concern about the integrity of an internet fantasy sports contest, and any other conduct with the potential to corrupt an outcome of an internet fantasy sports contest for purposes of financial gain, including but not limited to match fixing, and suspicious or illegal internet fantasy sports contest activities, including the use of funds derived from illegal activity, deposits of money to enter an internet fantasy sports contest to conceal or launder funds derived from illegal activity, use of agents to enter an

internet fantasy sports contest, or use of false identification. The commission is required to share any information received pursuant to this paragraph with the division of criminal investigation, any other law enforcement entity upon request, or any regulatory agency the commission deems appropriate. The commission shall promptly report any information received pursuant to this paragraph with any sports team or sports governing body as the commission deems appropriate, but shall not share any information that would interfere with an ongoing criminal investigation.

3. Except as provided in [subsection 4](#), the books and records kept by a licensee as provided by [this section](#) are public records and the examination, publication, and dissemination of the books and records are governed by the provisions of [chapter 22](#).

4. The records of the commission shall be governed by the provisions of [chapter 22](#), provided that, in addition to records that may be kept confidential pursuant to [section 22.7](#), the following records provided by a licensee to the commission shall be kept confidential, unless otherwise ordered by a court, by the lawful custodian of the records, or by another person duly authorized to release such information:

- a. Patron and customer records.
- b. Security reports and network audits.
- c. Internal control and compliance records.
- d. Employee records.
- e. Marketing expenses.

f. Supplemental schedules to the certified audit, except for those books and records as described in [subsection 1](#) of [this section](#), that are obtained by the commission in connection with the annual audit under [section 99E.9](#).

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

[2019 Acts, ch 132, §33, 45, 46](#)

99E.9 Annual audit of licensee operations.

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

[2019 Acts, ch 132, §34, 45, 46](#)

Referred to in [§99E.5](#), [99E.8](#)

99E.10 Civil penalty.

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

[2019 Acts, ch 132, §35, 45, 46](#)