

**Senate Study Bill 3164 - Introduced**

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
STATE GOVERNMENT BILL BY  
CHAIRPERSON DANIELSON)

**A BILL FOR**

1 An Act authorizing licensees authorized to conduct gambling  
2 games on an excursion boat, gambling structure, or racetrack  
3 enclosure to operate internet wagering on poker and making  
4 penalties applicable.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 99F.1, subsection 1, Code 2011, is  
2 amended to read as follows:

3 1. *Adjusted gross receipts* means the gross receipts less  
4 winnings paid to wagerers. For internet wagering, "adjusted  
5 gross receipts" means the gross receipts for internet wagering  
6 on poker from rake and tournament fees less winnings and player  
7 incentives paid to wagerers.

8 Sec. 2. Section 99F.1, Code 2011, is amended by adding the  
9 following new subsections:

10 NEW SUBSECTION. 16A. *Internet wagering* means a method of  
11 wagering by which a person may establish an account, deposit  
12 money into the account, and use the account balance for  
13 wagering by utilizing electronic communication.

14 NEW SUBSECTION. 19A. *Player incentives* means, for  
15 internet wagering, any bonuses, rewards, prizes, or other types  
16 of promotional items provided to a person engaging in internet  
17 wagering by an internet wagering licensee as an incentive to  
18 engage in internet wagering.

19 NEW SUBSECTION. 22. *Rake* means a set fee or percentage of  
20 the pot assessed by an internet wagering licensee for providing  
21 the internet wagering services to a person engaging in internet  
22 wagering for the right to participate in internet wagering.

23 NEW SUBSECTION. 23. *Tournament fee* means a set fee  
24 assessed to a person engaging in internet wagering by the  
25 internet wagering licensee for providing internet wagering  
26 tournament services.

27 Sec. 3. Section 99F.3, Code 2011, is amended to read as  
28 follows:

29 **99F.3 Gambling games authorized.**

30 The system of wagering on a gambling game as provided  
31 by this chapter is legal, when conducted on an excursion  
32 gambling boat, gambling structure, or racetrack enclosure at  
33 authorized locations by a licensee, or, for internet wagering,  
34 when conducted by an internet wagering licensee pursuant to  
35 requirements established by the commission, as provided in this

1 chapter.

2 Sec. 4. Section 99F.4, subsections 14 and 22, Code 2011, are  
3 amended to read as follows:

4 14. To require, except for internet wagering, all licensees  
5 of gambling game operations to utilize a cashless wagering  
6 system whereby all players' money is converted to tokens,  
7 electronic cards, or chips which only can be used for wagering  
8 on the excursion gambling boat.

9 22. To require licensees to establish a process to allow a  
10 person to be voluntarily excluded for life from an excursion  
11 gambling boat and all other licensed facilities under this  
12 chapter and chapter 99D, or from engaging in internet wagering  
13 conducted by an internet wagering licensee under this chapter.  
14 For internet wagering licensees, the process shall allow  
15 players to limit the maximum amount of money that may be  
16 transferred by that player into an internet wagering account  
17 in a twenty-four-hour period. The process established shall  
18 require that a licensee disseminate information regarding  
19 persons voluntarily excluded to all licensees under this  
20 chapter and chapter 99D. The state and any licensee under  
21 this chapter or chapter 99D shall not be liable to any person  
22 for any claim which may arise from this process. In addition  
23 to any other penalty provided by law, any money or thing of  
24 value that has been obtained by, or is owed to, a voluntarily  
25 excluded person by a licensee as a result of wagers made by the  
26 person after the person has been voluntarily excluded shall not  
27 be paid to the person but shall be credited to the general fund  
28 of the state.

29 Sec. 5. Section 99F.4, Code 2011, is amended by adding the  
30 following new subsection:

31 NEW SUBSECTION. 27. To establish requirements for internet  
32 wagering licensees to conduct internet wagering on poker as  
33 provided in this chapter. At a minimum, the requirements shall  
34 include security measures to insure the integrity of internet  
35 wagering and technical standards governing the technology used

1 to conduct internet wagering.

2 Sec. 6. NEW SECTION. 99F.4E Internet wagering on poker —  
3 licensing — requirements.

4 1. Upon application by a licensee authorized to conduct  
5 gambling games under this chapter, the commission shall issue  
6 an internet wagering license to the licensee subject to the  
7 provisions of this chapter and rules adopted pursuant to this  
8 chapter relating to gambling and internet wagering. A single  
9 joint license to conduct internet wagering may be issued to  
10 more than one licensee authorized to conduct gambling games  
11 under this chapter if the application includes an agreement  
12 delineating how each licensee subject to the agreement shall  
13 distribute at least three percent of the adjusted gross  
14 receipts from internet wagering on poker from the joint  
15 license for each license year for educational, civic, public,  
16 charitable, patriotic, or religious uses as defined in section  
17 99B.7, subsection 3, paragraph "b", as otherwise required by  
18 this chapter. The issuance of a joint license to conduct  
19 internet wagering by more than one licensee under this chapter  
20 shall not be considered the issuance of a new license under  
21 this chapter.

22 2. An internet wagering licensee shall comply with the  
23 following requirements:

24 a. Internet wagering shall be limited to wagering on poker  
25 and all of its variations, including but not limited to Texas  
26 hold 'em, Omaha hold 'em, draw poker, and stud poker.

27 b. Internet wagering shall be conducted by the licensee  
28 through a single internet site.

29 c. Internet wagering shall be limited to only those persons  
30 who have registered with the licensee to engage in internet  
31 wagering. To register, a person shall provide sufficient  
32 information to the licensee to verify that the person is at  
33 least twenty-one years of age and is otherwise authorized to  
34 engage in internet wagering in this state.

35 d. (1) If an internet wagering license is issued to one

1 licensee authorized to conduct gambling games under this  
2 chapter, adjusted gross receipts received by the gambling games  
3 licensee under this chapter from internet wagering each fiscal  
4 year shall be added to the adjusted gross receipts received  
5 by the licensee from gambling games other than from internet  
6 wagering for purposes of imposing a tax on the adjusted gross  
7 receipts received by the licensee as provided in section  
8 99F.11.

9 (2) If a joint internet wagering license is issued to more  
10 than one licensee authorized to conduct gambling games under  
11 this chapter, the tax rate imposed on adjusted gross receipts  
12 from internet wagering on poker each fiscal year pursuant to  
13 section 99F.11 shall be twenty-two percent or, if a majority  
14 of participating licensees on the joint license are otherwise  
15 subject to a tax rate of twenty-four percent on adjusted gross  
16 receipts from gambling games over three million dollars under  
17 section 99F.11, twenty-four percent.

18 e. Any other requirements as the commission establishes  
19 to ensure the legality and integrity of conducting internet  
20 wagering in this state.

21 Sec. 7. Section 99F.6, subsection 1, unnumbered paragraph  
22 1, Code Supplement 2011, is amended to read as follows:

23 A person shall not be issued a license to conduct gambling  
24 games on an excursion gambling boat or a license to operate  
25 an excursion gambling boat under this chapter, an internet  
26 wagering license, an occupational license, a distributor  
27 license, or a manufacturer license unless the person has  
28 completed and signed an application on the form prescribed and  
29 published by the commission. The application shall include  
30 the full name, residence, date of birth and other personal  
31 identifying information of the applicant that the commission  
32 deems necessary. The application shall also indicate whether  
33 the applicant has any of the following:

34 Sec. 8. Section 99F.7, subsection 1, Code Supplement 2011,  
35 is amended to read as follows:

1 1. If the commission is satisfied that this chapter and  
2 its rules adopted under this chapter applicable to licensees  
3 have been or will be complied with, the commission shall issue  
4 a license for a period of not more than three years to an  
5 applicant to own a gambling game operation, to an applicant to  
6 operate a gambling structure, ~~and~~ to an applicant to operate  
7 an excursion gambling boat, and to a gambling games licensee  
8 who submits an application to conduct internet wagering. The  
9 commission shall decide which of the gambling games authorized  
10 under this chapter the commission will permit. The commission  
11 shall decide the number, location, and type of gambling  
12 structures and excursion gambling boats licensed under this  
13 chapter. The commission shall allow the operation of an  
14 excursion boat or moored barge on or within one thousand feet  
15 of the high water marks of the rivers, lakes, and reservoirs  
16 of this state as established by the commission in consultation  
17 with the United States army corps of engineers, the department  
18 of natural resources, or other appropriate regulatory agency.  
19 The license shall set forth, as applicable, the name of the  
20 licensee, the type of license granted, the location of the  
21 gambling structure or the place where the excursion gambling  
22 boats will operate and dock, and the time and number of days  
23 during the excursion season and the off season when gambling  
24 may be conducted by the licensee.

25 Sec. 9. Section 99F.9, subsections 3 and 5, Code 2011, are  
26 amended to read as follows:

27 3. The licensee may receive wagers only from a person  
28 present on a licensed excursion gambling boat, licensed  
29 gambling structure, or in a licensed racetrack enclosure, or  
30 from a person engaging in internet wagering. An internet wager  
31 may be placed from any location within this state or from  
32 any other location where authorized by law, subject to any  
33 requirements adopted by the commission.

34 5. A person under the age of twenty-one years shall not  
35 engage in internet wagering or make or attempt to make a wager

1 on an excursion gambling boat, gambling structure, or in a  
2 racetrack enclosure and shall not be allowed on the gaming  
3 floor of an excursion gambling boat or gambling structure or  
4 in the wagering area, as defined in section 99D.2, or on the  
5 gaming floor of a racetrack enclosure. However, a person  
6 eighteen years of age or older may be employed to work on  
7 the gaming floor of an excursion gambling boat or gambling  
8 structure or in the wagering area or on the gaming floor of a  
9 racetrack enclosure. A person who violates this subsection  
10 with respect to engaging in internet wagering or making or  
11 attempting to make a wager commits a scheduled violation under  
12 section 805.8C, subsection 5, paragraph "a".

13 Sec. 10. Section 99F.12, subsection 2, Code 2011, is amended  
14 to read as follows:

15 2. The licensee shall furnish to the commission reports  
16 and information as the commission may require with respect to  
17 the licensee's activities. The gross receipts and adjusted  
18 gross receipts from gambling shall be separately handled and  
19 accounted for from all other moneys received from operation of  
20 an excursion gambling boat or from operation of a racetrack  
21 enclosure or gambling structure licensed to conduct gambling  
22 games. For an internet wagering licensee, the gross receipts  
23 and adjusted gross receipts from internet wagering shall be  
24 separately handled and accounted for from all other moneys  
25 received from other licensed activities of the licensee. The  
26 commission may designate a representative to board a licensed  
27 excursion gambling boat or to enter a racetrack enclosure or  
28 gambling structure licensed to conduct gambling games. The  
29 representative shall have full access to all places within the  
30 enclosure of the boat, the gambling structure, or the racetrack  
31 enclosure and shall directly supervise the handling and  
32 accounting of all gross receipts and adjusted gross receipts  
33 from gambling. The representative shall supervise and check  
34 the admissions. The compensation of a representative shall be  
35 fixed by the commission but shall be paid by the licensee.

1     Sec. 11. Section 99F.12, Code 2011, is amended by adding the  
2 following new subsection:

3     NEW SUBSECTION. 2A. *a.* An internet wagering licensee  
4 shall, in addition to the books and records otherwise required  
5 by this section, make the following information available to  
6 the commission upon request:

7     (1) Monthly auditable and aggregate financial statements of  
8 internet wagering transactions.

9     (2) Calculation of all fees payable to government.

10    (3) The identity of registered players.

11    (4) The balance on a registered player's account at the  
12 start of a session of play.

13    (5) The wagers placed on each game time stamped by the games  
14 server.

15    (6) The result of each game time stamped by the games  
16 server.

17    (7) The amount won or lost by a registered player.

18    (8) The balance on a registered player's account at the end  
19 of the game.

20    *b.* Information described in paragraph "a", subparagraphs (3)  
21 through (8), shall be confidential.

22    Sec. 12. Section 99F.15, subsection 3, Code 2011, is amended  
23 to read as follows:

24    3. A Except for internet wagering conducted as authorized  
25 by this chapter, a person wagering or accepting a wager at  
26 any location outside an excursion gambling boat, gambling  
27 structure, or a racetrack enclosure is in violation of section  
28 725.7.

29    Sec. 13. Section 99F.15, subsection 4, unnumbered paragraph  
30 1, Code 2011, is amended to read as follows:

31    A person commits a class "D" felony and, in addition, shall  
32 be barred for life from internet wagering, excursion gambling  
33 boats, and gambling structures under the jurisdiction of the  
34 commission, if the person does any of the following:

35

EXPLANATION



1 This bill permits licensees authorized to conduct gambling  
2 games under Code chapter 99F to apply for and receive a license  
3 to conduct internet wagering on poker.

4 Code section 99F.1, concerning definitions, is amended. The  
5 bill defines "internet wagering" as a method of wagering by  
6 which a person may establish an account, deposit money into the  
7 account, and use the account balance for wagering by utilizing  
8 electronic communication. The definition of "adjusted gross  
9 receipts" is amended to mean, for internet wagering, the  
10 gross receipts for internet wagering on poker from rake and  
11 tournament fees less winnings and player incentives paid  
12 to wagerers. The terms "player incentives", "rake", and  
13 "tournament fees", for purposes of internet wagering, are also  
14 defined.

15 Code section 99F.4, concerning the powers of the state  
16 racing and gaming commission, is amended to provide that the  
17 commission shall establish requirements for internet wagering.  
18 The Code section is also amended to provide that the current  
19 process that allows a person to be voluntarily excluded from a  
20 gambling facility shall also apply to internet wagering.

21 New Code section 99F.4E establishes the process for  
22 licensing and conducting internet wagering. The bill  
23 authorizes current gambling games licensees to apply for an  
24 internet wagering license and allows more than one existing  
25 licensee to jointly apply for an internet wagering license.  
26 The bill provides that if more than one licensee applies for a  
27 joint license, the licensees shall indicate how the licensees  
28 shall distribute at least 3 percent of the adjusted gross  
29 receipts from internet wagering on charitable purposes. The  
30 bill provides that internet wagering shall be limited to poker,  
31 shall be conducted through a single internet site, and shall  
32 be limited to persons who have registered with the licensee to  
33 conduct internet wagering. The bill provides that if a single  
34 gambling games licensee is issued an internet wagering license,  
35 the adjusted gross receipts from internet wagering shall be

1 included as part of the licensee's adjusted gross receipts for  
2 purposes of applying the wagering tax pursuant to Code section  
3 99F.11. The bill further provides that if a joint internet  
4 wagering license is issued to more than one gambling games  
5 licensee, the wagering tax imposed on adjusted gross receipts  
6 from internet wagering pursuant to Code section 99F.11 shall be  
7 22 percent or, if the majority of participating licensees are  
8 otherwise subject to a wagering tax of 24 percent under Code  
9 section 99F.11, 24 percent.

10 Code section 99F.9, concerning wagering, is amended to  
11 provide that wagers through internet wagering are authorized  
12 and can be made from any location within this state or as  
13 authorized by law subject to any requirements adopted by the  
14 commission. The Code section is also amended to provide  
15 that limits on wagering for persons under the age of 21 at  
16 an excursion gambling boat, gambling structure, or racetrack  
17 enclosure also apply to internet wagering.

18 Code section 99F.12, concerning licensee reporting  
19 requirements, is amended to provide that an internet wagering  
20 licensee shall separately account for the gross receipts and  
21 adjusted gross receipts from internet wagering. The bill  
22 also provides that an internet wagering licensee shall make  
23 available to the racing and gaming commission information  
24 concerning the identity and account balances of persons  
25 engaging in internet wagering with the licensee as well as  
26 information relative to individual poker games. The bill  
27 provides that this information is confidential.

28 Code section 99F.15, concerning prohibited activities and  
29 penalties, is amended to provide that a person who commits a  
30 class "D" felony relative to certain activities relating to  
31 gambling shall also be barred for life from internet wagering  
32 in the same manner as the person would be barred from excursion  
33 gambling boats and gambling structures.