

**House File 748 - Introduced**

HOUSE FILE 748

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 648)

(SUCCESSOR TO HSB 198)

**A BILL FOR**

1 An Act relating to sports gambling and wagering, by providing  
2 for fantasy sports contests and sports betting, providing  
3 for taxes and fees, making penalties applicable, and  
4 including implementation and effective date provisions.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

LICENSED SPORTS BETTING

1  
2  
3 Section 1. Section 99D.7, subsection 23, Code 2019, is  
4 amended to read as follows:

5 23. To establish a process to allow a person to be  
6 voluntarily excluded from advance deposit wagering as defined  
7 in section 99D.11, from an internet fantasy sports contest as  
8 defined in section 99E.1, from advance deposit sports betting  
9 wagering as defined in section 99F.9, from the wagering area  
10 of a racetrack enclosure and from the gaming floor and sports  
11 betting wagering area, as defined in [section 99F.1](#), of all  
12 other licensed facilities under [this chapter](#) and [chapter 99F](#)  
13 as provided in [this subsection](#). The process shall provide  
14 that an initial request by a person to be voluntarily excluded  
15 shall be for a period of five years or life and any subsequent  
16 request following any five-year period shall be for a period  
17 of five years or life. The process established shall require  
18 that licensees be provided electronic access to names and  
19 social security numbers of persons voluntarily excluded  
20 through a secured interactive internet site maintained by  
21 the commission and information regarding persons voluntarily  
22 excluded shall be disseminated to all licensees under this  
23 chapter and [chapter 99F](#). The names, social security numbers,  
24 and information regarding persons voluntarily excluded shall  
25 be kept confidential unless otherwise ordered by a court or by  
26 another person duly authorized to release such information.  
27 The process established shall also require a person requesting  
28 to be voluntarily excluded be provided information compiled  
29 by the Iowa department of public health on gambling treatment  
30 options. The state and any licensee under [this chapter](#) or  
31 chapter 99F shall not be liable to any person for any claim  
32 which may arise from this process. In addition to any other  
33 penalty provided by law, any money or thing of value that has  
34 been obtained by, or is owed to, a voluntarily excluded person  
35 as a result of wagers made by the person after the person has

1 been voluntarily excluded shall be forfeited by the person and  
2 shall be credited to the general fund of the state.

3 Sec. 2. Section 99F.1, subsection 1, Code 2019, is amended  
4 to read as follows:

5 1. "*Adjusted gross receipts*" means the gross receipts less  
6 winnings paid to wagerers on gambling games. However, "*adjusted*  
7 *gross receipts*" does not include promotional play receipts  
8 received after the date in any fiscal year that the commission  
9 determines that the wagering tax imposed pursuant to section  
10 99F.11 on all licensees in that fiscal year on promotional  
11 play receipts exceeds twenty-five million eight hundred twenty  
12 thousand dollars.

13 Sec. 3. Section 99F.1, Code 2019, is amended by adding the  
14 following new subsections:

15 NEW SUBSECTION. 2A. "*Authorized sporting event*" means a  
16 professional sporting event, a collegiate sporting event, or an  
17 international team or individual sporting event governed by the  
18 international olympic committee.

19 NEW SUBSECTION. 23. "*Sports betting*" means the acceptance  
20 of wagers on an authorized sporting event by any system of  
21 wagering as authorized by the commission. "*Sports betting*"  
22 does not include wagering on a race as defined in section  
23 99D.2, entering an internet fantasy sports contest as defined  
24 in section 99E.1, or placing a wager on the performance or  
25 nonperformance of any individual athlete participating in a  
26 single game or match of a collegiate sporting event in which  
27 a collegiate team from this state is a participant. "*Sports*  
28 *betting*" also does not include wagering on the performance of  
29 athletes in an international individual sporting event governed  
30 by the international olympic committee in which any participant  
31 in the sporting event is under eighteen years of age.

32 NEW SUBSECTION. 24. "*Sports betting net receipts*" means  
33 the gross receipts less winnings paid to wagerers on sports  
34 betting.

35 NEW SUBSECTION. 25. "*Sports betting wagering area*" means an

1 area, as designated by the commission, in which sports betting  
2 is conducted.

3 Sec. 4. Section 99F.1, subsection 17, Code 2019, is amended  
4 to read as follows:

5 17. *“Licensee”* means any person licensed under section 99F.7  
6 or 99F.7A.

7 Sec. 5. Section 99F.3, Code 2019, is amended to read as  
8 follows:

9 **99F.3 Gambling games and sports betting authorized.**

10 The system of wagering on a gambling game and sports betting  
11 as provided by [this chapter](#) is legal, when conducted ~~on an~~  
12 ~~excursion gambling boat, gambling structure, or racetrack~~  
13 ~~enclosure at authorized locations~~ by a licensee as provided in  
14 this chapter.

15 Sec. 6. Section 99F.4, subsections 3 and 22, Code 2019, are  
16 amended to read as follows:

17 3. To adopt standards under which all excursion gambling  
18 boat operations shall be held and standards for the facilities  
19 within which the gambling operations are to be held. The  
20 commission may authorize the operation of gambling games on an  
21 excursion gambling boat and sports betting in a sports betting  
22 wagering area which is also licensed to sell or serve alcoholic  
23 beverages, wine, or beer as defined in [section 123.3](#).

24 22. To establish a process to allow a person to be  
25 voluntarily excluded from advance deposit wagering as defined  
26 in section 99D.11, from an internet fantasy sports contest as  
27 defined in section 99E.1, from advance deposit sports betting  
28 wagering as defined in section 99F.9, from the gaming floor  
29 and sports betting wagering area of an excursion gambling  
30 boat, from the wagering area, as defined in [section 99D.2](#),  
31 and from the gaming floor and sports betting wagering area  
32 of all other licensed facilities under [this chapter](#) and  
33 chapter 99D as provided in [this subsection](#). The process shall  
34 provide that an initial request by a person to be voluntarily  
35 excluded shall be for a period of five years or life and any

1 subsequent request following any five-year period shall be for  
2 a period of five years or life. The process established shall  
3 require that licensees be provided electronic access to names  
4 and social security numbers of persons voluntarily excluded  
5 through a secured interactive internet site maintained by  
6 the commission and information regarding persons voluntarily  
7 excluded shall be disseminated to all licensees under this  
8 chapter and [chapter 99D](#). The names, social security numbers,  
9 and information regarding persons voluntarily excluded shall  
10 be kept confidential unless otherwise ordered by a court or by  
11 another person duly authorized to release such information.  
12 The process established shall also require a person requesting  
13 to be voluntarily excluded be provided information compiled  
14 by the Iowa department of public health on gambling treatment  
15 options. The state and any licensee under [this chapter](#) or  
16 [chapter 99D](#) shall not be liable to any person for any claim  
17 which may arise from this process. In addition to any other  
18 penalty provided by law, any money or thing of value that has  
19 been obtained by, or is owed to, a voluntarily excluded person  
20 as a result of wagers made by the person after the person has  
21 been voluntarily excluded shall be forfeited by the person and  
22 shall be credited to the general fund of the state.

23 Sec. 7. Section 99F.4, Code 2019, is amended by adding the  
24 following new subsection:

25 NEW SUBSECTION. 27. To adopt standards under which all  
26 sports betting is conducted, including the scope and type of  
27 wagers allowed, to identify occupations within sports betting  
28 which require licensing, and to adopt standards for licensing  
29 and background qualifications for occupations including  
30 establishing fees for the occupational license. In considering  
31 standards regarding the scope and type of wagers allowed for  
32 sports betting, the commission shall consult with interested  
33 professional and collegiate sports leagues and, if interested,  
34 the international olympic committee. All revenue received by  
35 the commission under this chapter from license fees shall be

1 deposited in the general fund of the state and shall be subject  
2 to the requirements of section 8.60. All revenue received by  
3 the commission from regulatory fees shall be deposited into the  
4 gaming regulatory revolving fund established in section 99F.20.

5 Sec. 8. Section 99F.6, subsection 4, paragraph a,  
6 subparagraphs (3) and (5), Code 2019, are amended to read as  
7 follows:

8 (3) The commission shall authorize, subject to the  
9 debt payments for horse racetracks and the provisions of  
10 paragraph "b" for dog racetracks, a licensee who is also  
11 licensed to conduct pari-mutuel dog or horse racing to use  
12 receipts from gambling games and sports betting within the  
13 racetrack enclosure to support the horse racing industry and to  
14 supplement purses for races particularly for Iowa-bred horses  
15 pursuant to an agreement which shall be negotiated between the  
16 licensee and representatives of the dog or horse owners. For  
17 agreements subject to commission approval concerning purses  
18 for horse racing beginning on or after January 1, 2006, the  
19 agreements shall provide that total annual purses for all horse  
20 racing shall be no less than eleven percent of the first two  
21 hundred million dollars of net receipts, and six percent of  
22 net receipts above two hundred million dollars. In addition,  
23 live standardbred horse racing shall not be conducted at the  
24 horse racetrack in Polk county, but the purse moneys designated  
25 for standardbred racing pursuant to section 99D.7, subsection  
26 5, paragraph "b", shall be included in calculating the total  
27 annual purses required to be paid pursuant to [this subsection](#).  
28 Agreements that are subject to commission approval concerning  
29 horse purses for a period of time beginning on or after January  
30 1, 2006, shall be jointly submitted to the commission for  
31 approval.

32 (5) For purposes of this paragraph, "net receipts" means  
33 the annual adjusted gross receipts from all gambling games and  
34 sports betting net receipts, less the annual amount of money  
35 pledged by the owner of the facility to fund a project approved

1 to receive vision Iowa funds as of July 1, 2004.

2 Sec. 9. NEW SECTION. 99F.7A Sports betting — license —  
3 terms and conditions — fees.

4 1. The commission shall, upon payment of an initial  
5 license fee of fifteen thousand dollars and submission of an  
6 application to the commission consistent with the requirements  
7 of section 99F.6, issue a license to conduct sports betting  
8 to a licensee authorized to conduct gambling games at a  
9 pari-mutuel racetrack enclosure or a licensee authorized to  
10 operate an excursion gambling boat or gambling structure,  
11 subject to the requirements of this chapter. The annual  
12 renewal fee for a license to conduct sports betting shall be  
13 fifteen thousand dollars.

14 2. A licensee under this section shall do all of the  
15 following:

16 a. Include on the internet site or mobile application used  
17 by the licensee to conduct advance deposit sports betting  
18 wagering as authorized in section 99F.9 the statewide telephone  
19 number authorized by the Iowa department of public health to  
20 provide problem gambling information and extensive responsible  
21 gaming features in addition to those described in section  
22 99F.4, subsection 22.

23 b. Establish, subject to commission approval, sports betting  
24 wagering rules that specify the amounts to be paid on winning  
25 sports betting wagers, the effect of changes in the scheduling  
26 of an authorized sporting event subject to sports betting, and  
27 the source of the information used to determine the outcome  
28 of a sports betting wager. The sports betting wagering rules  
29 shall be displayed in the licensee's sports betting wagering  
30 area, posted on the internet site or mobile application used by  
31 the licensee to conduct advance deposit sports betting wagering  
32 as authorized in section 99F.9, and included in the terms and  
33 conditions of the licensee's advance deposit account sports  
34 betting wagering system.

35 3. A licensee issued a license to conduct sports betting

1 under this section shall employ commercially reasonable steps  
2 to prohibit coaches, athletic trainers, officials, players, or  
3 other individuals who participate in an authorized sporting  
4 event that is the subject of sports betting from sports betting  
5 under this chapter. In addition, a licensee shall employ  
6 commercially reasonable steps to prohibit persons who are  
7 employed in a position with direct involvement with coaches,  
8 players, athletic trainers, officials, players, or participants  
9 in an authorized sporting event that is the subject of sports  
10 betting from sports betting under this chapter.

11 Sec. 10. Section 99F.8, Code 2019, is amended to read as  
12 follows:

13 **99F.8 Bond of licensee.**

14 A licensee licensed under [section 99F.7](#) shall post a bond  
15 to the state of Iowa before the license is issued in a sum  
16 as the commission shall fix, with sureties to be approved by  
17 the commission. The bond shall be used to guarantee that the  
18 licensee faithfully makes the payments, keeps its books and  
19 records and makes reports, and conducts its gambling games and  
20 sports betting in conformity with [this chapter](#) and the rules  
21 adopted by the commission. The bond shall not be canceled by  
22 a surety on less than thirty days' notice in writing to the  
23 commission. If a bond is canceled and the licensee fails to  
24 file a new bond with the commission in the required amount on  
25 or before the effective date of cancellation, the licensee's  
26 license shall be revoked. The total and aggregate liability  
27 of the surety on the bond is limited to the amount specified in  
28 the bond.

29 Sec. 11. Section 99F.9, subsection 1, Code 2019, is amended  
30 to read as follows:

31 1. Except as permitted in [this section](#), the licensee  
32 shall not permit ~~no~~ sports betting or any form of wagering on  
33 gambling games.

34 Sec. 12. Section 99F.9, Code 2019, is amended by adding the  
35 following new subsection:



1     NEW SUBSECTION. 3A. a. For the purposes of this section,  
2 unless the context otherwise requires:

3     (1) "*Advance deposit sports betting wagering*" means a method  
4 of sports betting in which an eligible individual may, in an  
5 account established with a licensee under section 99F.7A,  
6 deposit moneys into the account and use the account balance to  
7 pay for sports betting. Prior to January 1, 2021, an account  
8 must be established by an eligible individual in person with  
9 a licensee.

10    (2) "*Advance deposit sports betting wagering operator*" means  
11 an advance deposit sports betting wagering operator licensed  
12 by the commission who has entered into an agreement with a  
13 licensee under section 99F.7A to provide advance deposit sports  
14 betting wagering.

15    (3) "*Eligible individual*" means an individual who is at  
16 least twenty-one years of age or older who is located within  
17 this state.

18    b. The commission may authorize a licensee under section  
19 99F.7A to conduct advance deposit sports betting wagering. An  
20 advance deposit sports betting wager may be placed in person  
21 in the sports wagering area, or from any other location via  
22 a telephone-type device or any other electronic means. The  
23 commission may also issue an advance deposit sports betting  
24 wagering operator license to an entity who complies with this  
25 subsection and section 99F.6 and may require the advance  
26 deposit sports wagering operator to conduct an audit consistent  
27 with the requirements of section 99F.13.

28    Sec. 13. Section 99F.9, subsection 4, Code 2019, is amended  
29 to read as follows:

30    4. A person under the age of twenty-one years shall not make  
31 or attempt to make a wager pursuant to subsection 3A or on an  
32 excursion gambling boat, gambling structure, or in a racetrack  
33 enclosure and shall not be allowed on the gaming floor of  
34 an excursion gambling boat or gambling structure or in the  
35 wagering area, as defined in [section 99D.2](#), or on the gaming

1 floor of a racetrack enclosure. However, a person eighteen  
2 years of age or older may be employed to work on the gaming  
3 floor of an excursion gambling boat or gambling structure or  
4 in the wagering area or on the gaming floor of a racetrack  
5 enclosure. A person who violates **this subsection** with respect  
6 to making or attempting to make a wager commits a scheduled  
7 violation under **section 805.8C, subsection 5**, paragraph "a".

8 Sec. 14. Section 99F.11, subsection 3, unnumbered paragraph  
9 1, Code 2019, is amended to read as follows:

10 The taxes imposed by **this section** on adjusted gross receipts  
11 from gambling games authorized under this chapter shall be paid  
12 by the licensee to the treasurer of state within ten days after  
13 the close of the day when the wagers were made and shall be  
14 distributed as follows:

15 Sec. 15. Section 99F.11, Code 2019, is amended by adding the  
16 following new subsection:

17 **NEW SUBSECTION.** 4. *a.* A tax is imposed on the sports  
18 betting net receipts received each fiscal year by a licensed  
19 operator from sports betting authorized under this chapter at  
20 the rate of six and three-quarters percent.

21 *b.* The taxes imposed by this subsection for sports betting  
22 authorized under this chapter shall be paid by the licensed  
23 operator to the treasurer of state as determined by the  
24 commission and shall be distributed as follows:

25 (1) An amount equal to one-fourth of one percent of sports  
26 betting net receipts is appropriated to the Iowa department of  
27 public health for purposes of the gambling treatment program  
28 established in section 135.150.

29 (2) The remaining amount of sports betting net receipts  
30 taxes imposed pursuant to this subsection shall be credited as  
31 provided in section 8.57, subsection 5.

32 Sec. 16. Section 99F.12, subsection 2, Code 2019, is amended  
33 to read as follows:

34 2. *a.* The licensee shall furnish to the commission reports  
35 and information as the commission may require with respect to

1 the licensee's activities.

2 b. A licensee under section 99F.7A shall promptly report  
3 to the commission any criminal or disciplinary proceedings  
4 commenced against the licensee or its employees in connection  
5 with the licensee conducting sports betting including advance  
6 deposit sports betting wagering, any abnormal wagering activity  
7 or patterns that may indicate a concern about the integrity  
8 of an authorized sporting event or events, and any other  
9 conduct with the potential to corrupt a wagering outcome of  
10 an authorized sporting event for purposes of financial gain,  
11 including but not limited to match fixing, and suspicious or  
12 illegal wagering activities, including the use of funds derived  
13 from illegal activity, wagers to conceal or launder funds  
14 derived from illegal activity, use of agents to place wagers,  
15 or use of false identification. The commission is required  
16 to share any information received pursuant to this paragraph  
17 with the division of criminal investigation, any other law  
18 enforcement entity upon request, or any regulatory agency the  
19 commission deems appropriate. The commission may also share  
20 any information received pursuant to this paragraph with any  
21 sports team or sports governing body as the commission deems  
22 appropriate, but shall not share any information that would  
23 interfere with an ongoing criminal investigation.

24 c. The gross receipts and adjusted gross receipts from  
25 gambling shall be separately handled and accounted for from  
26 all other moneys received from operation of an excursion  
27 gambling boat or from operation of a racetrack enclosure or  
28 gambling structure licensed to conduct gambling games. The  
29 commission may designate a representative to board a licensed  
30 excursion gambling boat or to enter a racetrack enclosure or  
31 gambling structure licensed to conduct gambling games. The  
32 representative shall have full access to all places within the  
33 enclosure of the boat, the gambling structure, or the racetrack  
34 enclosure and shall directly supervise the handling and  
35 accounting of all gross receipts and adjusted gross receipts

1 from gambling. The representative shall supervise and check  
2 the admissions. The compensation of a representative shall be  
3 fixed by the commission but shall be paid by the licensee.

4 Sec. 17. Section 99F.15, subsection 1, paragraph c, Code  
5 2019, is amended to read as follows:

6 *c.* Acting, or employing a person to act, as a shill or  
7 decoy to encourage participation in a gambling game or sports  
8 betting.

9 Sec. 18. Section 99F.15, subsection 4, paragraphs d, h, and  
10 i, Code 2019, are amended to read as follows:

11 *d.* Cheats at a gambling game, including but not limited to  
12 committing any act which alters the outcome of the game, or  
13 cheats at sports betting.

14 *h.* Claims, collects, or takes, or attempts to claim,  
15 collect, or take, money or anything of value in or from the  
16 gambling games or sports betting, with intent to defraud,  
17 without having made a wager contingent on winning a gambling  
18 game or sports betting wager, or claims, collects, or takes an  
19 amount of money or thing of value of greater value than the  
20 amount won.

21 *i.* Knowingly entices or induces a person to go to any place  
22 where a gambling game or sports betting is being conducted or  
23 operated in violation of the provisions of [this chapter](#) with  
24 the intent that the other person plays or participates in that  
25 gambling game or sports betting.

26 Sec. 19. Section 99F.20, subsection 1, Code 2019, is amended  
27 to read as follows:

28 1. A gaming regulatory revolving fund is created in  
29 the state treasury under the control of the department of  
30 inspections and appeals. The fund shall consist of fees  
31 collected and deposited into the fund paid by licensees  
32 pursuant to [section 99D.14, subsection 2](#), paragraph "c", fees  
33 paid by licensees pursuant to section 99E.5, subsection 4,  
34 paragraph "c", regulatory fees paid by licensees pursuant  
35 to section 99F.4, subsection 27, and fees paid by licensees

1 pursuant to [section 99F.10, subsection 4](#), paragraph "c". All  
2 costs relating to racetrack, excursion boat, and gambling  
3 structure regulation shall be paid from the fund as provided in  
4 appropriations made for this purpose by the general assembly.  
5 The department shall provide quarterly reports to the  
6 department of management and the legislative services agency  
7 specifying revenues billed and collected and expenditures  
8 from the fund in a format as determined by the department  
9 of management in consultation with the legislative services  
10 agency.

11 Sec. 20. EMERGENCY RULES. The state racing and gaming  
12 commission created under section 99D.5 may adopt emergency  
13 rules under section 17A.4, subsection 3, and section 17A.5,  
14 subsection 2, paragraph "b", to implement the provisions of  
15 this division of this Act and the rules shall be effective  
16 immediately upon filing unless a later date is specified in the  
17 rules. Any rules adopted in accordance with this section shall  
18 also be published as a notice of intended action as provided  
19 in section 17A.4.

20 Sec. 21. IMPLEMENTATION. The racing and gaming commission  
21 shall not implement this division of this Act until the date  
22 the commission has adopted rules pursuant to chapter 17A  
23 providing for such implementation and such rules have become  
24 effective.

25 Sec. 22. EFFECTIVE DATE. This division of this Act, being  
26 deemed of immediate importance, takes effect upon enactment.

27 DIVISION II

28 INTERNET FANTASY SPORTS CONTESTS

29 Sec. 23. Section 80.25A, Code 2019, is amended to read as  
30 follows:

31 ~~80.25A Pari-mutuel and gambling game~~ Gaming operations —  
32 investigation and enforcement.

33 The commissioner of public safety shall direct the chief  
34 of the division of criminal investigation to establish a  
35 subdivision to be the primary criminal investigative and

1 enforcement agency for the purpose of enforcement of chapters  
2 99D, 99E, and 99F. The commissioner of public safety shall  
3 appoint or assign other agents to the division as necessary to  
4 enforce chapters 99D, 99E, and 99F. All enforcement officers,  
5 assistants, and agents of the division are subject to section  
6 80.15 except clerical workers.

7 Sec. 24. NEW SECTION. 99E.1 **Definitions.**

8 As used in this chapter, unless the context otherwise  
9 requires:

10 1. "*Applicant*" means an internet fantasy sports contest  
11 service provider applying for a license to conduct internet  
12 fantasy sports contests under this chapter.

13 2. "*Commission*" means the state racing and gaming commission  
14 created under section 99D.5.

15 3. "*Fantasy sports contest*" includes any fantasy or  
16 simulated game or contest in which the fantasy sports contest  
17 operator is not a participant in the game or contest, the value  
18 of all prizes and awards offered to winning participants are  
19 established and made known to the participants in advance  
20 of the contest, all winning outcomes reflect the relative  
21 knowledge and skill of the participants and shall be determined  
22 by accumulated statistical results of the performance of  
23 individuals, including athletes in the case of sporting events,  
24 and no winning outcome is based on the score, point spread, or  
25 any performance or performances of any single actual team or  
26 solely on any single performance of an individual athlete or  
27 player in any single actual event.

28 4. "*Internet fantasy sports contest*" means a method of  
29 entering a fantasy sports contest by which a person may  
30 establish an account with an internet fantasy sports contest  
31 service provider, deposit money into the account, and use  
32 the account balance for entering a fantasy sports contest by  
33 utilizing electronic communication.

34 5. "*Internet fantasy sports contest adjusted revenues*" means,  
35 for each internet fantasy sports contest, the amount equal to

1 the total charges and fees collected from all participants  
2 entering the internet fantasy sports contest less winnings paid  
3 to participants in the contest, multiplied by the location  
4 percentage.

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

9 7. "*Internet fantasy sports contest service provider*" means  
10 a person, including a licensee under chapter 99D or 99F, who  
11 conducts an internet fantasy sports contest as authorized by  
12 this chapter.

13 8. "*Licensee*" means any person licensed under section 99E.5  
14 to conduct internet fantasy sports contests.

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

21 Sec. 25. NEW SECTION. **99E.2 Internet fantasy sports**  
22 **contests authorized.**

23 The system of entering an internet fantasy sports contest as  
24 provided by this chapter is legal when conducted by a licensed  
25 internet fantasy sports contest service provider as provided in  
26 this chapter.

27 Sec. 26. NEW SECTION. **99E.3 Commission — powers.**

28 1. The commission shall have full jurisdiction over and  
29 shall supervise internet fantasy sports contests and internet  
30 fantasy sports contest service providers as governed by this  
31 chapter.

32 2. The commission shall have the following powers and shall  
33 adopt rules pursuant to chapter 17A to administer and implement  
34 this chapter:

35 a. To review and investigate applicants and determine the

1 eligibility of applicants for a license to conduct internet  
2 fantasy sports contests, pursuant to rules adopted by the  
3 commission.

4 *b.* To license and regulate internet fantasy sports contest  
5 service providers subject to the requirements of this chapter.

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

9 *d.* To investigate alleged violations of this chapter  
10 or the commission rules, orders, or final decisions and to  
11 take appropriate disciplinary action against a licensee, or  
12 institute appropriate legal action for enforcement, or both.  
13 Information gathered during an investigation is confidential  
14 during the pendency of the investigation.

15 *e.* To assess fines and revoke or suspend licenses and to  
16 impose penalties for violations of this chapter.

17 *f.* To take any other action as may be reasonable or  
18 appropriate to enforce this chapter and the commission rules.

19 **Sec. 27. NEW SECTION. 99E.4 Requirements of applicant —**  
20 **fee.**

21 1. An applicant for a license to conduct internet fantasy  
22 sports contests shall complete and sign an application on  
23 the form prescribed and published by the commission. The  
24 application shall include such information of the applicant  
25 that the commission deems necessary for purposes of issuing a  
26 license pursuant to this chapter.

27 2. An applicant shall submit fingerprints and information  
28 that the commission deems necessary to the commission in the  
29 manner prescribed on the application forms. The fingerprints  
30 may be submitted to the federal bureau of investigation by  
31 the department of public safety through the state criminal  
32 history repository for the purpose of a national criminal  
33 history check. The results of a criminal history record check  
34 conducted pursuant to this subsection shall be considered a  
35 confidential record under chapter 22.



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

7 4. The commission shall charge the applicant a reasonable  
8 fee set by the division of criminal investigation of the  
9 department of public safety, to defray those costs associated  
10 with the fingerprint and national criminal history check  
11 requirements of subsection 2 and background investigations  
12 conducted by agents of the division of criminal investigation  
13 as provided in subsection 3. These fees and costs are in  
14 addition to any other license fees and costs charged by the  
15 commission.

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

19 a. A license issued to the applicant to conduct internet  
20 fantasy sports contests in another jurisdiction has been  
21 revoked, or a request for a license to conduct internet fantasy  
22 sports contests in another jurisdiction has been denied, by  
23 an entity licensing persons to conduct such contests in that  
24 jurisdiction.

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

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

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

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

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

1 a felony.

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

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

6 7. For the purposes of this section, "applicant" includes  
7 each member of the board of directors of an internet fantasy  
8 sports contest service provider.

9 Sec. 28. NEW SECTION. 99E.5 Licenses — fees — terms and  
10 conditions — revocation.

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

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

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

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

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

35 d. Allow individuals to restrict themselves from entering

1 an internet fantasy sports contest conducted by the internet  
2 fantasy sports contest service provider upon request and take  
3 reasonable steps to prevent those individuals from entering  
4 any internet fantasy sports contests conducted by the internet  
5 fantasy sports contest service provider.

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

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

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

23 *h.* Conduct an annual audit under section 99E.9.

24 *i.* Pay the tax as provided in section 99E.6.

25 3. The annual renewal fee for a license to conduct internet  
26 fantasy sports contests shall be five thousand dollars. Moneys  
27 collected by the commission from the annual renewal fee for  
28 a license paid under this subsection shall be considered  
29 repayment receipts as defined in section 8.2.

30 4. *a.* A licensed internet fantasy sports contest service  
31 provider shall pay a regulatory fee to the commission. The  
32 regulatory fee shall be established by the commission based on  
33 the costs of administering and enforcing this chapter.

34 *b.* A licensed internet fantasy sports contest service  
35 provider shall receive a credit for the amount of the license

1 and regulatory fee paid by the provider against the taxes to be  
2 paid pursuant to section 99E.6.

3 *c.* Notwithstanding section 8.60, the portion of the fee  
4 paid pursuant to paragraph "a" relating to the costs of the  
5 commission shall be deposited into the gaming regulatory  
6 revolving fund established in section 99F.20.

7 5. Upon a violation of any of the conditions listed in  
8 section 99E.4 or this section by a licensee, the commission  
9 shall immediately revoke the license.

10 **Sec. 29. NEW SECTION. 99E.6 Internet fantasy sports contest**  
11 **tax — rate.**

12 1. A tax is imposed on internet fantasy sports contest  
13 adjusted revenues received each fiscal year by an internet  
14 fantasy sports contest service provider from internet fantasy  
15 sports contests authorized under this chapter at the rate of  
16 six and three-quarters percent.

17 2. The taxes imposed by this section for internet fantasy  
18 sports contests authorized under this chapter shall be paid by  
19 the internet fantasy sports contest service provider to the  
20 treasurer of state as determined by the commission and shall be  
21 distributed as follows:

22 *a.* An amount equal to one-fourth of one percent of internet  
23 fantasy sports contest adjusted revenues is appropriated to the  
24 Iowa department of public health for purposes of the gambling  
25 treatment program established in section 135.150.

26 *b.* The remaining amount of internet fantasy sports contest  
27 adjusted revenues taxes imposed pursuant to this section shall  
28 be credited as provided in section 8.57, subsection 5.

29 **Sec. 30. NEW SECTION. 99E.7 Internet fantasy sports**  
30 **contests — age restrictions.**

31 A person under the age of twenty-one years shall not enter an  
32 internet fantasy sports contest. A person who violates this  
33 section with respect to entering an internet fantasy sports  
34 contest commits a scheduled violation under section 805.8C,  
35 subsection 12.

1     Sec. 31. NEW SECTION.   **99E.8 Licensees — records — reports**  
2 **— confidentiality.**

3     1. An internet fantasy sports contest service provider  
4 shall keep its books and records so as to clearly show the  
5 internet fantasy sports contest adjusted revenues for each  
6 internet fantasy sports contest subject to tax in this state.

7     2. *a.* The licensee shall furnish to the commission reports  
8 and information as the commission may require with respect to  
9 the licensee's activities.

10    *b.* A licensee shall promptly report to the commission any  
11 criminal or disciplinary proceedings commenced against the  
12 licensee or its employees in connection with the licensee  
13 conducting an internet fantasy sports contest, any abnormal  
14 contest activity or patterns that may indicate a concern about  
15 the integrity of an internet fantasy sports contest, and any  
16 other conduct with the potential to corrupt an outcome of an  
17 internet fantasy sports contest for purposes of financial gain,  
18 including but not limited to match fixing, and suspicious or  
19 illegal internet fantasy sports contest activities, including  
20 the use of funds derived from illegal activity, deposits  
21 of money to enter an internet fantasy sports contest to  
22 conceal or launder funds derived from illegal activity, use  
23 of agents to enter an internet fantasy sports contest, or  
24 use of false identification. The commission is authorized  
25 to share any information received pursuant to this paragraph  
26 with the division of criminal investigation, any other law  
27 enforcement entity upon request, or any regulatory agency the  
28 commission deems appropriate. The commission may also share  
29 any information received pursuant to this paragraph with any  
30 sports team or sports governing body as the commission deems  
31 appropriate, but shall not share any information that would  
32 interfere with an ongoing criminal investigation.

33     3. Except as provided in subsection 4, the books and records  
34 kept by a licensee as provided by this section are public  
35 records and the examination, publication, and dissemination of

1 the books and records are governed by the provisions of chapter  
2 22.

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

10 a. Patron and customer records.

11 b. Security reports and network audits.

12 c. Internal control and compliance records.

13 d. Employee records.

14 e. Marketing expenses.

15 f. Supplemental schedules to the certified audit, except for  
16 those books and records as described in subsection 1 of this  
17 section, that are obtained by the commission in connection with  
18 the annual audit under section 99E.9.

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

21 Sec. 32. NEW SECTION. **99E.9 Annual audit of licensee**  
22 **operations.**

23 Within ninety days after the end of the licensee's fiscal  
24 year, the licensee shall transmit to the commission an audit  
25 of the licensee's total internet fantasy sports contest  
26 operations, including an itemization of all expenses and  
27 subsidies. Each audit shall be conducted by a certified public  
28 accountant authorized to practice in the state of Iowa under  
29 chapter 542 who is selected by the licensee and approved by the  
30 commission.

31 Sec. 33. NEW SECTION. **99E.10 Civil penalty.**

32 A person who willfully fails to comply with the requirements  
33 of this chapter and the rules adopted pursuant to chapter 17A  
34 under this chapter shall be liable for a civil penalty of  
35 not more than one thousand dollars for each violation, not

1 to exceed ten thousand dollars for violations arising out of  
2 the same transaction or occurrence, which shall accrue to the  
3 state and may be recovered in a civil action brought by the  
4 commission.

5 Sec. 34. Section 99F.2, Code 2019, is amended to read as  
6 follows:

7 **99F.2 Scope of provisions.**

8 This chapter does not apply to the pari-mutuel system of  
9 wagering used or intended to be used in connection with the  
10 horse-race or dog-race meetings as authorized under chapter  
11 99D, internet fantasy sports contests authorized under chapter  
12 99E, lottery or lotto games authorized under [chapter 99G](#), or  
13 bingo or games of skill or chance authorized under [chapter 99B](#).

14 Sec. 35. Section 99F.4B, Code 2019, is amended to read as  
15 follows:

16 **99F.4B Rules.**

17 The department of inspections and appeals shall cooperate  
18 to the maximum extent possible with the division of criminal  
19 investigation in adopting rules relating to the gaming  
20 operations in [this chapter](#) and ~~chapter~~ [chapters 99D](#) and [99E](#).

21 Sec. 36. Section 232C.4, subsection 3, Code 2019, is amended  
22 to read as follows:

23 3. An emancipated minor shall remain subject to voting  
24 restrictions under [chapter 48A](#), gambling restrictions under  
25 [chapter 99B](#), [99D](#), [99F](#), [99G](#), or [725](#), internet fantasy sports  
26 contest restrictions under chapter 99E, alcohol restrictions  
27 under [chapter 123](#), compulsory attendance requirements under  
28 [chapter 299](#), and cigarette tobacco restrictions under [chapter](#)  
29 [453A](#).

30 Sec. 37. Section 714B.10, subsection 1, Code 2019, is  
31 amended to read as follows:

32 1. Advertising by sponsors registered pursuant to [chapter](#)  
33 [557B](#), licensed pursuant to [chapter 99B](#), or regulated pursuant  
34 to [chapter 99D](#), [99E](#), [99F](#), or [99G](#).

35 Sec. 38. Section 725.15, Code 2019, is amended to read as

1 follows:

2     **725.15 Exceptions for legal gambling.**

3     Sections 725.5 through 725.10 and **725.12** do not apply to  
4 a game, activity, ticket, or device when lawfully possessed,  
5 used, conducted, or participated in pursuant to **chapter 99B,**  
6 **99E, 99F, or 99G.**

7     Sec. 39. Section 805.8C, Code 2019, is amended by adding the  
8 following new subsection:

9     NEW SUBSECTION. 12. *Internet fantasy sports contest*  
10 *violations.* For violations of legal age for entering an  
11 internet fantasy sports contest under section 99E.7, the  
12 scheduled fine is five hundred dollars. Failure to pay the  
13 fine by a person under the age of eighteen shall not result in  
14 the person being detained in a secure facility.

15     Sec. 40. TRANSITIONAL LICENSE. Notwithstanding any  
16 provisions of chapter 99E as enacted by this Act to the  
17 contrary, a person granted a license or registration by two or  
18 more states to conduct internet fantasy sports contests may  
19 apply for and shall be granted a transitional license by the  
20 racing and gaming commission to conduct internet fantasy sports  
21 contests in this state subject to the requirements of chapter  
22 99E, as enacted by this Act. The transitional license shall  
23 be valid until the earlier of the date the racing and gaming  
24 commission grants or denies a license under section 99E.5 to  
25 the person to conduct internet fantasy sports contests, or  
26 twelve months from the date the racing and gaming commission  
27 accepts applications for issuance of a license to conduct  
28 internet fantasy sports contests under section 99E.5.

29     Sec. 41. EMERGENCY RULES. The state racing and gaming  
30 commission created under section 99D.5 may adopt emergency  
31 rules under section 17A.4, subsection 3, and section 17A.5,  
32 subsection 2, paragraph "b", to implement the provisions of  
33 this division of this Act and the rules shall be effective  
34 immediately upon filing unless a later date is specified in the  
35 rules. Any rules adopted in accordance with this section shall



1 also be published as a notice of intended action as provided  
2 in section 17A.4.

3     Sec. 42. IMPLEMENTATION. The racing and gaming commission  
4 shall not implement this division of this Act until the date  
5 the commission has adopted rules pursuant to chapter 17A  
6 providing for such implementation and such rules have become  
7 effective.

8     Sec. 43. EFFECTIVE DATE. This division of this Act, being  
9 deemed of immediate importance, takes effect upon enactment.

10                                   DIVISION III

11                                   GAMBLING REGULATION

12     Sec. 44. Section 99B.41, Code 2019, is amended by adding the  
13 following new subsection:

14     NEW SUBSECTION. 1A. "*Social fantasy sports contest*" means  
15 any fantasy or simulated game or contest in which the value  
16 of all prizes and awards offered to winning participants are  
17 established and made known to the participants in advance of  
18 the contest and do not exceed a total of one thousand dollars  
19 or equivalent consideration, all winning outcomes reflect  
20 the relative knowledge and skill of the participants and  
21 shall be determined by accumulated statistical results of  
22 the performance of individuals in events occurring over more  
23 than a twenty-four-hour period, including athletes in the case  
24 of sporting events, and no winning outcome is based on the  
25 score, point spread, or any performance or performances of  
26 any single actual team or solely on any single performance of  
27 an individual athlete or player in any single actual event.  
28 "*Social fantasy sports contest*" does not include an internet  
29 fantasy sports contest as defined in section 99E.1.

30     Sec. 45. Section 99B.45, subsection 2, Code 2019, is amended  
31 by adding the following new paragraph:

32     NEW PARAGRAPH. c. A social fantasy sports contest.

33     Sec. 46. Section 99D.7, subsection 5, paragraph c,  
34 subparagraphs (2) and (3), Code 2019, are amended to read as  
35 follows:

1 (2) Of the purse moneys designated for thoroughbred  
2 racing, two percent shall be distributed to an organization  
3 representing owners of thoroughbred race horses for the  
4 ~~purpose~~ purposes of paying the annual operating expenses of the  
5 organization, ~~and for~~ the promotion and marketing of Iowa-bred  
6 horses, benevolence, thoroughbred aftercare, breeder promotions  
7 and awards, and improvements to the horse racetrack in Polk  
8 county. The organization receiving such purse moneys shall  
9 complete and provide to the commission an annual audit and  
10 accounting of the allocation of such moneys.

11 (3) Of the purse moneys designated for quarter horse  
12 racing, two percent shall be distributed to an organization  
13 representing owners of quarter horse race horses for the  
14 ~~purpose~~ purposes of paying the annual operating expenses of  
15 the organization, ~~and for~~ the promotion and marketing of  
16 Iowa-bred horses, benevolence, quarter horse aftercare, breeder  
17 promotions and awards, and improvements to the horse racetrack  
18 in Polk county. The organization receiving such purse moneys  
19 shall complete and provide to the commission an annual audit  
20 and accounting of the allocation of such moneys.

21 Sec. 47. Section 99D.11, subsection 6, paragraph c,  
22 subparagraph (4), Code 2019, is amended by striking the  
23 subparagraph.

24 EXPLANATION

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

27 This bill authorizes sports gambling and wagering, including  
28 sports betting and fantasy sports contests.

29 LICENSED SPORTS BETTING. This division authorizes and  
30 licenses sports betting.

31 Code section 99F.1, concerning definitions, is amended. The  
32 bill defines "sports betting" as wagering on an authorized  
33 sporting event by any system of wagering as authorized by the  
34 racing and gaming commission (commission). "Sports betting"  
35 is further defined to exclude wagering on the performance of

1 an athlete participating in a collegiate sporting event that  
2 includes a collegiate team from this state or in an individual  
3 olympic event in which any athlete is under eighteen years of  
4 age, horse racing, and internet fantasy sports contests. An  
5 "authorized sporting event" is defined to include professional  
6 and collegiate sporting events and international team and  
7 individual sporting events governed by the international  
8 olympic committee. The definition of "licensee" is amended to  
9 include a person licensed to conduct sports betting. The bill  
10 defines "sports betting net receipts" as gross receipts less  
11 winnings paid to wagerers on sports betting. "Sports betting  
12 wagering area" is defined as an area, as designated by the  
13 commission, in which sports betting is conducted.

14 Code sections 99D.7(23) and 99F.4(22), concerning persons  
15 voluntarily excluded from wagering or gaming areas, are amended  
16 to include internet fantasy sports contests, advance deposits  
17 wagering, advance deposit sports betting wagering, and the  
18 sports betting wagering area.

19 Code section 99F.3, concerning authorized wagering under  
20 Code chapter 99F, is amended to authorize sports betting.

21 Code section 99F.4, concerning racing and gaming commission  
22 powers, is amended to authorize the operation of sports betting  
23 in a sports betting wagering area on an excursion gambling  
24 boat which is also licensed to serve alcoholic beverages and  
25 grants the racing and gaming commission the authority to adopt  
26 standards under which sports betting is conducted including  
27 the scope and type of wagers allowed. The bill provides that  
28 revenue received by the commission from license fees for sports  
29 betting shall be deposited in the general fund of the state  
30 and revenue received by the commission from regulatory fees  
31 shall be deposited into the gaming regulatory revolving fund  
32 established in Code section 99F.20.

33 Code section 99F.6, concerning licensee applicants,  
34 is amended to provide that net receipts, for purposes of  
35 determining purse agreements for horse racing, include sports

1 betting net receipts.

2 New Code section 99F.7A provides specific requirements  
3 relative to the licensing, operation, and fees applicable to  
4 sports betting.

5 The bill provides that the commission shall, upon payment  
6 of an initial license fee of \$15,000, issue a license to  
7 conduct sports betting to a licensee authorized to conduct  
8 gambling games at a pari-mutuel racetrack enclosure or a  
9 licensee authorized to operate an excursion gambling boat or  
10 gambling structure. The bill provides that the annual renewal  
11 fee for a license shall also be \$15,000. The bill provides  
12 that a licensee establish, and display and post, sports  
13 betting wagering rules specifying the amounts to be paid on  
14 winning wagers, the effect of changes in the scheduling of an  
15 authorized sporting event, and the source of information used  
16 to determine the outcome of a wager. The new Code section also  
17 provides that a licensee shall include on the internet site  
18 or mobile application used by the licensee to conduct advance  
19 deposit sports betting wagering the statewide telephone number  
20 authorized by the Iowa department of public health to provide  
21 problem gambling information and extensive responsible gaming  
22 features. The bill also provides that a licensee issued a  
23 license to conduct sports betting shall employ commercially  
24 reasonable steps to prohibit coaches, athletic trainers,  
25 officials, players, participants, or other persons employed in  
26 a position with direct involvement with such individuals from  
27 sports betting under Code chapter 99F.

28 Code section 99F.8, concerning licensee bonding  
29 requirements, is amended to make such requirements applicable  
30 to sports betting.

31 Code section 99F.9, concerning wagering on gambling games,  
32 is amended to allow the commission to authorize gambling game  
33 licensees under Code chapter 99F to conduct advance deposit  
34 sports betting wagering. The bill also allows a licensee  
35 under Code section 99F.7A to enter into an agreement with an

1 advance deposit sports betting wagering operator licensed  
2 by the commission to provide advance deposit sports betting  
3 wagering for the licensee and allows the commission to require  
4 the advance deposit sports betting wagering operator to  
5 conduct an audit. The bill would allow for an advance deposit  
6 sports betting wager to be placed in person at a licensed  
7 facility authorized to conduct gambling games or from any other  
8 location by telephone or other electronic means. The bill  
9 defines "advance deposit sports betting wagering" as a form  
10 of wagering where an eligible individual creates an account  
11 with a licensee, deposits money into that account, and can  
12 use the balance within the account for sports betting. Prior  
13 to January 1, 2021, an account must be established in person  
14 with a licensee. The bill defines an "eligible individual"  
15 for purposes of advance deposit sports betting wagering as an  
16 individual 21 years of age or older who is located within this  
17 state. The Code section is also amended to provide that a  
18 person under the age of 21 shall not make or attempt to make a  
19 wager by advance deposit sports wagering.

20 Code section 99F.11, concerning the wagering tax, is  
21 amended. The bill provides that sports betting net receipts  
22 received each fiscal year by a licensed operator from sports  
23 betting shall be taxed at the rate of six and three-quarters  
24 percent. The taxes imposed shall be paid by the licensed  
25 operator to the treasurer of state as determined by the  
26 commission. The bill provides that of the taxes collected, an  
27 amount equal to one-fourth of one percent of sports betting net  
28 receipts is appropriated to the department of public health  
29 for the gambling treatment program with the remainder of taxes  
30 collected to be credited as provided in Code section 8.57,  
31 subsection 5.

32 Code section 99F.12, concerning certain required reports  
33 and records of licensees, is amended to provide that a sports  
34 betting licensee shall promptly report to the commission any  
35 criminal or disciplinary proceedings commenced against the

1 licensee, any abnormal sports wagering activity, and any other  
2 conduct with the potential to corrupt a wagering outcome of an  
3 authorized sporting event. The bill requires the commission to  
4 share any information received with the division of criminal  
5 investigation, any other law enforcement entity, or regulatory  
6 agency the commission deems appropriate. The commission may  
7 also share information with a sports team or sports governing  
8 body as the commission deems appropriate if it will not  
9 interfere with an ongoing criminal investigation.

10 Code section 99F.15, concerning certain prohibited  
11 activities and penalties, is amended to provide that current  
12 prohibitions on cheating at a gambling game, claiming anything  
13 of value from a gambling game with intent to defraud, and  
14 knowingly enticing a person to go where a gambling game is  
15 conducted in violation of Code chapter 99F also applies to  
16 sports betting.

17 Code section 99F.20, concerning the gaming regulatory  
18 revolving fund, is amended to provide that regulatory fees  
19 by an internet fantasy sports contest service provider and  
20 by a licensee authorized to conduct sports wagering shall be  
21 deposited in the fund.

22 This division of the bill takes effect upon enactment.  
23 However, the bill authorizes the racing and gaming commission  
24 to adopt emergency rules to implement the bill and provides  
25 that the racing and gaming commission shall not implement  
26 this division of the bill until the date the commission has  
27 adopted rules pursuant to Code chapter 17A providing for such  
28 implementation and such rules have become effective.

29 INTERNET FANTASY SPORTS CONTESTS. This division of the bill  
30 authorizes internet fantasy sports contests and provides for  
31 the licensing, regulation, and taxation of internet fantasy  
32 sports contests.

33 Code section 80.25, concerning gaming investigation and  
34 enforcement by the division of criminal investigation of  
35 the department of public safety, is amended to provide for

1 investigation and enforcement concerning the new Code chapter.  
2 New Code section 99E.1 provides for definitions. A "fantasy  
3 sports contest" is defined as any fantasy or simulated game  
4 or contest in which all prizes and awards offered to winning  
5 participants are established and made known in advance of the  
6 contest, all winning outcomes reflect the relative knowledge  
7 and skill of the participants and are determined predominantly  
8 by accumulated statistical results of the performance of  
9 individuals, and no winning outcome is based on the score, or  
10 performance of any single actual team or combination of such  
11 teams or solely on any single performance of an individual  
12 athlete in any single actual sporting or other event. An  
13 "internet fantasy sports contest" is defined as a method of  
14 entering a fantasy sports contest by establishing an account  
15 with an internet fantasy sports contest service provider. An  
16 "internet fantasy sports contest player" is defined as a person  
17 who is at least 21 years of age who participates in an internet  
18 fantasy sports contest. The bill also defines "internet  
19 fantasy sports contest adjusted revenues", "internet fantasy  
20 sports contest service provider", "licensee", and "location  
21 percentage".

22 New Code section 99E.2 provides that the system of entering  
23 an internet fantasy sports contest is legal when conducted by a  
24 licensed internet fantasy sports contest service provider as  
25 provided in the new Code chapter.

26 New Code section 99E.3 establishes the powers of the racing  
27 and gaming commission in relation to internet fantasy sports  
28 contests and internet fantasy sports contest service providers.  
29 Specifically, the Code section authorizes the commission  
30 to investigate and license internet fantasy sports contest  
31 service providers, assess fines and revoke or suspend licenses,  
32 impose penalties for violations of the Code chapter, and take  
33 any other action to enforce the requirements of the new Code  
34 chapter.

35 New Code section 99E.4 establishes the requirements for an

1 applicant to be granted a license to conduct internet fantasy  
2 sports contests. The Code section allows the commission  
3 to charge the applicant a fee for the department of public  
4 safety, division of criminal investigation, to defray the  
5 costs associated with any investigation. The new Code  
6 section provides that a license shall not be issued if there  
7 is evidence that the applicant has failed to meet certain  
8 qualifying requirements. The Code section provides that a  
9 person who knowingly makes a false statement on the application  
10 is guilty of an aggravated misdemeanor.

11 New Code section 99E.5 establishes the terms and conditions  
12 of licenses issued to conduct internet fantasy sports contests.  
13 The Code section provides that a license may be issued for  
14 a period of not more than three years and provides for an  
15 initial and annual license fee of \$5,000. The Code section  
16 also provides for the payment of a regulatory fee to be set  
17 by the racing and gaming commission based on the costs of  
18 administering and enforcing the new Code chapter. The Code  
19 section further provides that each licensee shall receive a  
20 credit for the amount of the license and regulatory fee paid  
21 against taxes to be paid pursuant to the new Code chapter. The  
22 Code section provides that a licensed internet fantasy sports  
23 contest service provider shall use commercially reasonable  
24 methods to prevent any employees and certain family members  
25 from participating in internet fantasy sports contests on the  
26 service provider's digital platform, verify that internet  
27 fantasy sports contest players located in this state are 21  
28 or older, ensure that participants in a game or contest shall  
29 not be allowed to enter an internet fantasy sports contest  
30 involving that game or contest, permit individuals to establish  
31 an account with an internet fantasy sports contest service  
32 provider by electronic communication and to restrict themselves  
33 from entering an internet fantasy sports contest, conduct an  
34 annual audit, and pay the tax imposed by the new Code chapter.

35 New Code section 99E.6 provides for a tax of six and



1 three-quarters percent on internet fantasy sports contest  
2 adjusted revenues. The bill defines "internet fantasy sports  
3 contest adjusted revenues" as the total of fees and charges  
4 collected, less winnings, in an internet fantasy sports  
5 contest multiplied by the percentage of fees and charges  
6 paid by participants who are located in this state in that  
7 contest. The taxes imposed shall be paid by the internet  
8 fantasy sports contest service provider to the treasurer of  
9 state as determined by the commission. The bill provides  
10 that of the taxes collected, an amount equal to one-fourth  
11 of one percent of internet fantasy sports contest adjusted  
12 revenues is appropriated to the department of public health  
13 for the gambling treatment program with the remainder of taxes  
14 collected to be credited as provided in Code section 8.57,  
15 subsection 5.

16 New Code section 99E.7 provides that a person under the  
17 age of 21 shall not enter an internet fantasy sports contest.  
18 A person who violates this Code section commits a scheduled  
19 violation under Code section 805.8C and is subject to a \$500  
20 fine. Code section 805.8C is amended to reflect this violation  
21 and applicable fine.

22 New Code section 99E.8 requires an internet fantasy sports  
23 contest service provider to keep books and records on internet  
24 fantasy sports contest adjusted revenues and to provide the  
25 commission reports and information as the commission may  
26 require. The bill provides that a licensee promptly report  
27 to the commission any criminal or disciplinary proceedings  
28 commenced against the licensee, any abnormal fantasy sports  
29 contest activity, and any other conduct with the potential to  
30 corrupt an outcome of an internet fantasy sports contest. The  
31 bill requires the commission to share any information received  
32 with the division of criminal investigation, any other law  
33 enforcement entity, or regulatory agency the commission deems  
34 appropriate. The commission may also share information with a  
35 sports team or sports governing body as the commission deems

1 appropriate if it will not interfere with an ongoing criminal  
2 investigation.

3 New Code section 99E.9 requires a licensee to conduct an  
4 audit within 90 days after the end of the licensee's fiscal  
5 year.

6 New Code section 99E.10 establishes civil penalties. The  
7 new Code section provides that a person who willfully fails to  
8 comply with the requirements of this new Code chapter shall be  
9 liable for a civil penalty of not more than \$1,000 for each  
10 violation, not to exceed \$10,000 for violations arising out of  
11 the same transaction or occurrence.

12 The bill also makes changes to Code sections 99F.2, 99F.4B,  
13 232C.4, 714B.10, and 725.15 to provide that provisions in those  
14 Code sections that list some or all Code chapters that govern  
15 lawful gambling also list the new Code chapter provided in this  
16 division of the bill.

17 The bill provides for the issuance of a transitional license  
18 by the racing and gaming commission to a person to conduct  
19 internet fantasy sports contests in this state if the person  
20 has been granted a license or registration by two or more other  
21 states to conduct internet fantasy sports contests. The bill  
22 provides that the transitional license shall be valid until the  
23 earlier of the date the commission grants or denies a license  
24 to the person or 12 months from the date the commission accepts  
25 applications for issuance of a license.

26 This division of the bill takes effect upon enactment.  
27 However, the bill authorizes the racing and gaming commission  
28 to adopt emergency rules to implement this division of the  
29 bill and provides that the racing and gaming commission shall  
30 not implement the bill until the date the commission has  
31 adopted rules pursuant to Code chapter 17A providing for such  
32 implementation and such rules have become effective.

33 GAMBLING REGULATION. This division makes several changes  
34 related to gambling regulation. Code section 99B.45,  
35 concerning social gambling between individuals, is amended to

1 authorize social gambling on social fantasy sports contests.  
2 Code section 99B.41 is amended to define "social fantasy sports  
3 contest" as a fantasy sports contest in which prizes and awards  
4 offered to winning participants do not exceed \$1,000 and  
5 winning outcomes are based on the performance of individuals in  
6 events occurring over more than a 24-hour period. Current law  
7 limits wins or losses on social gambling to \$200.

8 Code section 99D.7(5), concerning the purse structure for  
9 horse racing, is amended to provide that of the percentage  
10 of purse money for thoroughbred racing and for quarter horse  
11 racing that is distributed to organizations representing owners  
12 of each of the two horse breeds, that percentage of purse  
13 moneys may also be used for benevolence, horse aftercare,  
14 breeder promotions and awards, and improvements to the horse  
15 racetrack in Polk county.

16 Code section 99D.11, subsection 6, concerning criminal  
17 penalties, is amended to strike the specific criminal penalty  
18 relating to an unlicensed advance deposit wagering operator or  
19 an individual taking or receiving wagers from residents of this  
20 state that are not authorized by the Code chapter.