

House Study Bill 198 - Introduced

HOUSE FILE _____

BY (PROPOSED COMMITTEE ON
STATE GOVERNMENT BILL BY
CHAIRPERSON KAUFMANN)

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 WAGERING

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 99F.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 or a collegiate sporting event.

17 NEW SUBSECTION. 10A. "*Fantasy sports contest*" includes
18 any fantasy or simulated game or contest in which the fantasy
19 sports contest operator is not a participant in the game
20 or contest, the value of all prizes and awards offered to
21 winning participants are established and made known to the
22 participants in advance of the contest, all winning outcomes
23 reflect the relative knowledge and skill of the participants
24 and shall be determined by accumulated statistical results of
25 the performance of individuals, including athletes in the case
26 of sporting events, and no winning outcome is based on the
27 score, point spread, or any performance or performances of any
28 single actual team or solely on any single performance of an
29 individual athlete or player in any single actual event.

30 NEW SUBSECTION. 16A. "*Internet fantasy sports contest*"
31 means a method of entering a fantasy sports contest by which a
32 person may establish an account with an internet fantasy sports
33 contest service provider, deposit money into the account, and
34 use the account balance for entering a fantasy sports contest
35 by utilizing electronic communication.

1 NEW SUBSECTION. 16B. "*Internet fantasy sports contest*
2 *adjusted revenues*" means, for each internet fantasy sports
3 contest, the amount equal to the total charges and fees
4 collected from all participants entering the internet fantasy
5 sports contest less winnings paid to participants in the
6 contest, multiplied by the location percentage.

7 NEW SUBSECTION. 16C. "*Internet fantasy sports contest*
8 *service provider*" means a person, including a licensee under
9 chapter 99D or this chapter, who conducts an internet fantasy
10 sports contest as authorized by this chapter.

11 NEW SUBSECTION. 17A. "*Location percentage*" means, for each
12 internet fantasy sports contest, the percentage, rounded to
13 the nearest tenth of a percent, equal to the total charges and
14 fees collected from all internet fantasy sports contest players
15 located in this state divided by the total charges and fees
16 collected from all participants in the internet fantasy sports
17 contest.

18 NEW SUBSECTION. 23. "*Sports betting*" means the acceptance
19 of wagers on an authorized sporting event by any system of
20 wagering as authorized by the commission. "*Sports betting*" does
21 not include wagering on a race as defined in section 99D.2 or
22 entering an internet fantasy sports contest.

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

26 NEW SUBSECTION. 25. "*Sports betting wagering area*" means an
27 area, as designated by the commission, in which sports betting
28 is conducted.

29 NEW SUBSECTION. 26. "*Sports wagering*" means sports betting
30 and entering an internet fantasy sports contest.

31 Sec. 4. Section 99F.1, subsections 2 and 17, Code 2019, are
32 amended to read as follows:

33 2. "*Applicant*" means any person applying for an occupational
34 license or applying for a license to operate an excursion
35 gambling boat, or the officers and members of the board of

1 directors of a qualified sponsoring organization located in
2 Iowa applying for a license to conduct gambling games on an
3 excursion gambling boat, or an internet fantasy sports contest
4 service provider applying for a license to conduct internet
5 fantasy sports contests under this chapter.

6 17. "Licensee" means any person licensed under section
7 99F.7, 99F.7A, or 99F.7B.

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

10 **99F.3 Gambling games and sports wagering authorized.**

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

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

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

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

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

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

26 NEW SUBSECTION. 27. To adopt standards under which all
27 sports wagering is conducted, including the scope and type of
28 wagers allowed for sports betting and for internet fantasy
29 sports contests, to identify occupations within sports wagering
30 which require licensing, and to adopt standards for licensing
31 and background qualifications for occupations including
32 establishing fees for the occupational license. In considering
33 standards regarding the scope and type of wagers allowed for
34 sports betting and for internet fantasy sports contests,
35 the commission shall consult with interested professional

1 and collegiate sports leagues. All revenue received by the
2 commission under this chapter from license fees shall be
3 deposited in the general fund of the state and shall be subject
4 to the requirements of section 8.60. All revenue received by
5 the commission from regulatory fees shall be deposited into the
6 gaming regulatory revolving fund established in section 99F.20.

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

9 (5) For purposes of this paragraph, *“net receipts”* means
10 the annual adjusted gross receipts from all gambling games and
11 sports betting net receipts, less the annual amount of money
12 pledged by the owner of the facility to fund a project approved
13 to receive vision Iowa funds as of July 1, 2004.

14 Sec. 9. Section 99F.6, subsection 7, Code 2019, is amended
15 to read as follows:

16 7. For the purposes of **this section**, applicant includes
17 each member of the board of directors of a qualified sponsoring
18 organization and each member of the board of directors of an
19 internet fantasy sports contest service provider.

20 Sec. 10. **NEW SECTION. 99F.7A Sports betting — license —**
21 **terms and conditions — fees.**

22 1. The commission shall, upon payment of an initial
23 license fee of fifteen thousand dollars and submission of an
24 application to the commission consistent with the requirements
25 of section 99F.6, issue a license to conduct sports betting
26 to a licensee authorized to conduct gambling games at a
27 pari-mutuel racetrack enclosure or a licensee authorized to
28 operate an excursion gambling boat or gambling structure,
29 subject to the requirements of this chapter. The annual
30 renewal fee for a license to conduct sports betting shall be
31 fifteen thousand dollars.

32 2. A licensee under this section shall include on the
33 internet site or mobile application used by the licensee to
34 conduct advance deposit sports betting wagering as authorized
35 in section 99F.9 the statewide telephone number authorized

1 by the Iowa department of public health to provide problem
2 gambling information and extensive responsible gaming features
3 in addition to those described in section 99F.4, subsection 22.

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

15 Sec. 11. NEW SECTION. 99F.7B Internet fantasy sports
16 contests — licenses — terms and conditions — fees.

17 1. The commission shall, upon payment of an initial annual
18 license fee of five thousand dollars and submission of an
19 application to the commission consistent with the requirements
20 of section 99F.6, issue a license for a period of not more than
21 three years to an applicant to conduct internet fantasy sports
22 contests in this state if the commission is satisfied that the
23 requirements of this chapter and its rules adopted under this
24 chapter applicable to licensees have been or will be complied
25 with.

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

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

34 b. Verify that a person entering an internet fantasy sports
35 contest who is located in this state is twenty-one years of age

1 or older.

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

9 *d.* Prohibit internet fantasy sports contests based upon
10 any contest or competition that is not an authorized sporting
11 event.

12 *e.* Allow individuals to restrict themselves from entering
13 an internet fantasy sports contest conducted by the internet
14 fantasy sports contest service provider upon request and take
15 reasonable steps to prevent those individuals from entering
16 any internet fantasy sports contests conducted by the internet
17 fantasy sports contest service provider.

18 *f.* Allow individuals to establish an account with an
19 internet fantasy sports contest service provider by utilizing
20 electronic communication.

21 *g.* Disclose the number of entries a single internet fantasy
22 sports contest player may submit to each internet fantasy
23 sports contest and take reasonable steps to prevent players
24 from submitting more than the allowable number of entries for
25 that internet fantasy sports contest.

26 *h.* Segregate internet fantasy sports contest player funds
27 from operational funds or maintain a reserve in the form of
28 cash, cash equivalents, an irrevocable letter of credit,
29 payment processor reserves and receivables, a bond, or a
30 combination thereof in the amount of the deposits in internet
31 fantasy sports contest player accounts for the benefit and
32 protection of internet fantasy sports contest player funds held
33 in internet fantasy sports contest accounts by the internet
34 fantasy sports contest service provider.

35 *i.* The audit required by section 99F.13 may be conducted

1 by a certified public accountant authorized to practice in the
2 state of Iowa under chapter 542 who is selected by the licensed
3 internet fantasy sports contest service provider and approved
4 by the commission.

5 *j.* Pay the tax as provided in section 99F.11.

6 3. The annual license fee to conduct internet fantasy sports
7 contests shall be five thousand dollars.

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

12 *b.* A licensed internet fantasy sports contest service
13 provider shall receive a credit for the amount of the
14 regulatory fee paid by the provider against the taxes to be
15 paid pursuant to section 99F.11.

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

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

22 **99F.8 Bond of licensee.**

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

1 of the surety on the bond is limited to the amount specified in
2 the bond.

3 Sec. 13. Section 99F.9, subsection 1, Code 2019, is amended
4 to read as follows:

5 1. Except as permitted in this section, the licensee
6 shall not permit ~~no~~ sports betting or any form of wagering on
7 gambling games.

8 Sec. 14. Section 99F.9, Code 2019, is amended by adding the
9 following new subsection:

10 NEW SUBSECTION. 3A. *a.* For the purposes of this section,
11 unless the context otherwise requires:

12 (1) *"Advance deposit sports betting wagering"* means a method
13 of sports betting in which an eligible individual may, in an
14 account established with a licensee under section 99F.7A,
15 deposit moneys into the account and use the account balance to
16 pay for sports betting.

17 (2) *"Advance deposit sports betting wagering operator"* means
18 an advance deposit sports betting wagering operator licensed
19 by the commission who has entered into an agreement with a
20 licensee under section 99F.7A to provide advance deposit sports
21 betting wagering.

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

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

35 *c.* An unlicensed person taking or receiving sports betting

1 wagers from residents of this state is guilty of a class "D"
2 felony.

3 Sec. 15. Section 99F.9, subsection 4, Code 2019, is amended
4 to read as follows:

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

18 Sec. 16. NEW SECTION. 99F.9A Internet fantasy sports
19 contests — age restrictions.

20 A person under the age of twenty-one years shall not enter an
21 internet fantasy sports contest. A person who violates this
22 section with respect to entering an internet fantasy sports
23 contest commits a scheduled violation under section 805.8C.

24 Sec. 17. Section 99F.11, subsection 3, unnumbered paragraph
25 1, Code 2019, is amended to read as follows:

26 The taxes imposed by this section on adjusted gross receipts
27 from gambling games authorized under this chapter shall be paid
28 by the licensee to the treasurer of state within ten days after
29 the close of the day when the wagers were made and shall be
30 distributed as follows:

31 Sec. 18. Section 99F.11, Code 2019, is amended by adding the
32 following new subsections:

33 NEW SUBSECTION. 4. A tax is imposed on the sports betting
34 net receipts received each fiscal year by a licensed operator
35 from sports betting authorized under this chapter at the rate

1 of six and three-quarters percent. The taxes imposed by this
2 subsection for sports betting authorized under this chapter
3 shall be paid by the licensed operator to the treasurer of
4 state as determined by the commission and shall be credited as
5 provided in section 8.57, subsection 5.

6 NEW SUBSECTION. 5. A tax is imposed on internet fantasy
7 sports contest adjusted revenues received each fiscal year
8 by an internet fantasy sports contest service provider from
9 internet fantasy sports contests authorized under this chapter
10 at the rate of six and three-quarters percent. The taxes
11 imposed by this subsection for internet fantasy sports contests
12 authorized under this chapter shall be paid by the internet
13 fantasy sports contest service provider to the treasurer of
14 state as determined by the commission and shall be credited as
15 provided in section 8.57, subsection 5.

16 Sec. 19. Section 99F.12, subsection 2, Code 2019, is amended
17 to read as follows:

18 2. a. The licensee shall furnish to the commission reports
19 and information as the commission may require with respect to
20 the licensee's activities.

21 b. A licensee under section 99F.7A or 99F.7B shall
22 promptly report to the commission any criminal or disciplinary
23 proceedings commenced against the licensee or its employees
24 in connection with the licensee conducting sports wagering
25 including advance deposit sports betting wagering, any abnormal
26 wagering activity or patterns that may indicate a concern about
27 the integrity of an authorized sporting event or events, and
28 any other conduct with the potential to corrupt a wagering
29 outcome of an authorized sporting event for purposes of
30 financial gain, including but not limited to match fixing, and
31 suspicious or illegal wagering activities, including the use
32 of funds derived from illegal activity, wagers to conceal or
33 launder funds derived from illegal activity, use of agents to
34 place wagers, or use of false identification. The commission
35 is required to share any information received pursuant to this

1 paragraph with any law enforcement entity, sports team, sports
2 governing body, or regulatory agency the commission deems
3 appropriate.

4 c. The gross receipts and adjusted gross receipts from
5 gambling shall be separately handled and accounted for from
6 all other moneys received from operation of an excursion
7 gambling boat or from operation of a racetrack enclosure or
8 gambling structure licensed to conduct gambling games. The
9 commission may designate a representative to board a licensed
10 excursion gambling boat or to enter a racetrack enclosure or
11 gambling structure licensed to conduct gambling games. The
12 representative shall have full access to all places within the
13 enclosure of the boat, the gambling structure, or the racetrack
14 enclosure and shall directly supervise the handling and
15 accounting of all gross receipts and adjusted gross receipts
16 from gambling. The representative shall supervise and check
17 the admissions. The compensation of a representative shall be
18 fixed by the commission but shall be paid by the licensee.

19 Sec. 20. Section 99F.15, subsection 1, paragraph c, Code
20 2019, is amended to read as follows:

21 c. Acting, or employing a person to act, as a shill or
22 decoy to encourage participation in a gambling game or sports
23 wagering.

24 Sec. 21. Section 99F.15, subsection 4, paragraphs d, h, and
25 i, Code 2019, are amended to read as follows:

26 d. Cheats at a gambling game, including but not limited to
27 committing any act which alters the outcome of the game, or
28 cheats at sports wagering.

29 h. Claims, collects, or takes, or attempts to claim,
30 collect, or take, money or anything of value in or from the
31 gambling games or sports wagering, with intent to defraud,
32 without having made a wager contingent on winning a gambling
33 game or sports wager, or claims, collects, or takes an amount
34 of money or thing of value of greater value than the amount
35 won.

1 *i.* Knowingly entices or induces a person to go to any place
2 where a gambling game or sports wagering is being conducted or
3 operated in violation of the provisions of **this chapter** with
4 the intent that the other person plays or participates in that
5 gambling game or sports wagering.

6 Sec. 22. Section 99F.20, subsection 1, Code 2019, is amended
7 to read as follows:

8 1. A gaming regulatory revolving fund is created in
9 the state treasury under the control of the department of
10 inspections and appeals. The fund shall consist of fees
11 collected and deposited into the fund paid by licensees
12 pursuant to **section 99D.14, subsection 2**, paragraph "c",
13 regulatory fees paid by licensees pursuant to section 99F.4,
14 subsection 27, fees paid by licensees pursuant to section
15 99F.7B, subsection 4, and fees paid by licensees pursuant to
16 section 99F.10, subsection 4, paragraph "c". All costs relating
17 to racetrack, excursion boat, and gambling structure regulation
18 shall be paid from the fund as provided in appropriations made
19 for this purpose by the general assembly. The department shall
20 provide quarterly reports to the department of management and
21 the legislative services agency specifying revenues billed
22 and collected and expenditures from the fund in a format as
23 determined by the department of management in consultation with
24 the legislative services agency.

25 Sec. 23. Section 805.8C, subsection 5, paragraph a, Code
26 2019, is amended to read as follows:

27 *a.* For violations of legal age for gambling wagering under
28 section 99D.11, subsection 7, **section 99F.9, subsection 4**,
29 section 99F.9A, and **section 725.19, subsection 1**, the scheduled
30 fine is five hundred dollars. Failure to pay the fine by a
31 person under the age of eighteen shall not result in the person
32 being detained in a secure facility.

33 Sec. 24. EMERGENCY RULES. The state racing and gaming
34 commission created under section 99D.5 may adopt emergency
35 rules under section 17A.4, subsection 3, and section 17A.5,

1 subsection 2, paragraph "b", to implement the provisions of
2 this division of this Act and the rules shall be effective
3 immediately upon filing unless a later date is specified in the
4 rules. Any rules adopted in accordance with this section shall
5 also be published as a notice of intended action as provided
6 in section 17A.4.

7 Sec. 25. IMPLEMENTATION. The racing and gaming commission
8 shall not implement this division of this Act until the date
9 the commission has adopted rules pursuant to chapter 17A
10 providing for such implementation and such rules have become
11 effective.

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

14 DIVISION II

15 SOCIAL SPORTS GAMBLING

16 Sec. 27. Section 99B.45, subsection 2, Code 2019, is amended
17 by adding the following new paragraph:

18 NEW PARAGRAPH. c. A fantasy sports contest as defined
19 in section 99F.1. Notwithstanding any provision of this
20 subchapter to the contrary, a participant in a fantasy sports
21 contest shall not win or lose more than a total of one thousand
22 dollars or equivalent consideration at any time during any
23 period of twenty-four consecutive hours or over that entire
24 period.

25 EXPLANATION

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

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

30 LICENSED SPORTS WAGERING. This division authorizes and
31 licenses sports betting and internet fantasy sports contests.

32 Code section 99F.1, concerning definitions, is amended. The
33 bill defines "sports wagering" as sports betting and entering
34 an internet fantasy sports contest and defines "authorized
35 sporting event" to include professional and collegiate sporting

1 events. The definition of "licensee" is amended to include
2 a person licensed to conduct sports betting and a licensed
3 internet fantasy sports contest service provider. Concerning
4 sports betting, the bill defines "sports betting net receipts"
5 as gross receipts less winnings paid to wagerers on sports
6 betting. "Sports betting wagering area" is defined as an
7 area, as designated by the commission, in which sports betting
8 is conducted. "Fantasy sports contest" is defined as any
9 fantasy or simulated game or contest in which all prizes and
10 awards offered to winning participants are established and made
11 known in advance of the contest, all winning outcomes reflect
12 the relative knowledge and skill of the participants and are
13 determined predominantly by accumulated statistical results
14 of the performance of individuals, and no winning outcome is
15 based on the score, or performance of any single actual team or
16 combination of such teams or solely on any single performance
17 of an individual athlete in any single actual sporting or other
18 event. An "internet fantasy sports contest" is defined as a
19 method of entering a fantasy sports contest by establishing
20 an account with an internet fantasy sports contest service
21 provider. The bill also defines "internet fantasy sports
22 contest adjusted revenues", "internet fantasy sports contest
23 service provider", and "location percentage".

24 Code sections 99D.7(23) and 99F.4(22), concerning persons
25 voluntarily excluded from wagering or gaming areas, are amended
26 to include internet fantasy sports contests, advance deposits
27 wagering, advance deposit sports betting wagering, and the
28 sports betting wagering area.

29 Code section 99F.3, concerning authorized wagering under
30 Code chapter 99F, is amended to authorize sports wagering.

31 Code section 99F.4, concerning racing and gaming commission
32 powers, is amended to authorize the operation of sports betting
33 in a sports betting wagering area on an excursion gambling
34 boat which is also licensed to serve alcoholic beverages and
35 grants the racing and gaming commission the authority to adopt

1 standards under which sports wagering is conducted including
2 the scope and type of wagers allowed. The bill provides that
3 revenue received by the commission from license fees for sports
4 wagering shall be deposited in the general fund of the state
5 and revenue received by the commission from regulatory fees
6 shall be deposited into the gaming regulatory revolving fund
7 established in Code section 99F.20.

8 Code section 99F.6, concerning applicants, is amended to
9 provide that an applicant for purposes of the Code section
10 includes board members of an internet fantasy sports contest
11 service provider. The bill also provides that net receipts,
12 for purposes of determining purse agreements for horse racing,
13 include sports betting net receipts.

14 New Code section 99F.7A provides specific requirements
15 relative to the licensing, operation, and fees applicable to
16 sports betting.

17 The bill provides that the commission shall, upon payment of
18 an initial license fee of \$15,000, issue a license to conduct
19 sports betting to a licensee authorized to conduct gambling
20 games at a pari-mutuel racetrack enclosure or a licensee
21 authorized to operate an excursion gambling boat or gambling
22 structure. The bill provides that the annual renewal fee for
23 a license shall also be \$15,000. The new Code section also
24 provides that a licensee shall include on the internet site
25 or mobile application used by the licensee to conduct advance
26 deposit sports betting wagering the statewide telephone number
27 authorized by the Iowa department of public health to provide
28 problem gambling information and extensive responsible gaming
29 features. The bill also provides that a licensee issued a
30 license to conduct sports wagering shall employ commercially
31 reasonable steps to prohibit coaches, athletic trainers,
32 officials, players, participants, or other persons employed in
33 a position with direct involvement with such individuals from
34 sports betting under Code chapter 99F.

35 New Code section 99F.7B establishes the terms and conditions

1 of licenses issued to conduct internet fantasy sports contests.
2 The Code section provides that a license may be issued for
3 a period of not more than three years and provides that the
4 initial and annual license fee shall be \$5,000. The Code
5 section also provides for the payment of a regulatory fee
6 to be set by the racing and gaming commission based on the
7 costs of administering and enforcing the new Code chapter.
8 The Code section further provides that each licensee shall
9 receive a credit for the amount of the regulatory fee paid
10 against taxes to be paid pursuant to the new Code chapter. The
11 Code section provides that a licensed internet fantasy sports
12 contest service provider shall use commercially reasonable
13 methods to prevent any employees and certain family members
14 from participating in internet fantasy sports contests on the
15 service provider's digital platform, prohibit internet fantasy
16 sports contests on events that are not an authorized sporting
17 event, verify that a person entering an internet fantasy sports
18 contest who is located in this state is 21 or older, ensure
19 that participants in a game or contest shall not be allowed to
20 enter an internet fantasy sports contest involving that game
21 or contest, permit individuals to establish an account with an
22 internet fantasy sports contest service provider by electronic
23 communication and to restrict themselves from entering an
24 internet fantasy sports contest, perform an audit, and pay the
25 tax imposed.

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

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

1 wagering for the licensee and allows the commission to require
2 the advance deposit sports betting wagering operator to
3 conduct an audit. The bill would allow for an advance deposit
4 sports betting wager to be placed in person at a licensed
5 facility authorized to conduct gambling games or from any other
6 location by telephone or other electronic means. The bill
7 defines "advance deposit sports betting wagering" as a form
8 of wagering where an eligible individual creates an account
9 with a licensee, deposits money into that account, and can
10 use the balance within the account for sports betting. The
11 bill defines an "eligible individual" for purposes of advance
12 deposit sports betting wagering as an individual 21 years
13 of age or older who is located within this state. The bill
14 provides that an unlicensed person taking sports betting wagers
15 from Iowa residents is guilty of a class "D" felony, punishable
16 by confinement for no more than five years and a fine of at
17 least \$750 but not more than \$7,500. The Code section is also
18 amended to provide that a person under the age of 21 shall
19 not make or attempt to make a wager by advance deposit sports
20 wagering.

21 New Code section 99F.9A provides that a person under the
22 age of 21 shall not enter an internet fantasy sports contest.
23 A person who violates this Code section commits a scheduled
24 violation under Code section 805.8C and is subject to a \$500
25 fine. Code section 805.8C is amended to reflect this violation
26 and applicable fine.

27 Code section 99F.11, concerning the wagering tax, is
28 amended. The bill provides that sports betting net receipts
29 received each fiscal year by a licensed operator from sports
30 betting shall be taxed at the rate of six and three-quarters
31 percent. The taxes imposed shall be paid by the licensed
32 operator to the treasurer of state as determined by the
33 commission and shall be credited as provided in Code section
34 8.57, subsection 5. In addition, the bill provides for a tax
35 of six and three-quarters percent on internet fantasy sports

1 contest adjusted revenues. The bill defines "internet fantasy
2 sports contest adjusted revenues" as the total of fees and
3 charges collected, less winnings, in an internet fantasy sports
4 contest multiplied by the percentage of fees and charges paid
5 by participants who are located in this state in that contest.
6 The taxes imposed shall be paid by the internet fantasy
7 sports contest service provider to the treasurer of state as
8 determined by the commission and shall be credited as provided
9 in Code section 8.57, subsection 5.

10 Code section 99F.12, concerning certain required reports
11 and records of licensees, is amended to provide that a sports
12 wagering licensee shall promptly report to the commission any
13 criminal or disciplinary proceedings commenced against the
14 licensee, any abnormal sports wagering activity, and any other
15 conduct with the potential to corrupt a wagering outcome of an
16 authorized sporting event. The bill requires the commission to
17 share any information received with any law enforcement entity,
18 sports team, sports governing body, or regulatory agency the
19 commission deems appropriate.

20 Code section 99F.15, concerning certain prohibited
21 activities and penalties, is amended to provide that current
22 prohibitions on cheating at a gambling game, claiming anything
23 of value from a gambling game with intent to defraud, and
24 knowingly enticing a person to go where a gambling game is
25 conducted in violation of Code chapter 99F also applies to
26 sports wagering.

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

32 This division of the bill takes effect upon enactment.
33 However, the bill authorizes the racing and gaming commission
34 to adopt emergency rules to implement the bill and provides
35 that the racing and gaming commission shall not implement the

1 bill until the date the commission has adopted rules pursuant
2 to Code chapter 17A providing for such implementation and such
3 rules have become effective.

4 SOCIAL SPORTS GAMBLING. This division concerns social
5 gambling authorized under Code chapter 99B. Code section
6 99B.45, concerning social gambling between individuals, is
7 amended to authorize social gambling on fantasy sports contests
8 and provides that a participant may not win or lose more than a
9 total of \$1,000 or equivalent consideration in a fantasy sports
10 contest at any time during any period of 24 consecutive hours
11 or over that entire period. Current law limits wins or losses
12 on social gambling to \$200.