A BILL FOR

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

SPORTS WAGERING

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

23. To establish a process to allow a person to be voluntarily excluded from advance deposit wagering as defined in section 99D.11, from an internet fantasy sports contest as defined in section 99E.1, from advance deposit sports wagering as defined in section 99F.9, from the wagering area of a racetrack enclosure and from the gaming floor and sports wagering area, as defined in section 99F.1, of all other licensed facilities under this chapter and chapter 99F as provided in this subsection. The process shall provide that an initial request by a person to be voluntarily excluded shall be for a period of five years or life and any subsequent request following any five-year period shall be for a period of five years or life. The process established shall require that licensees be provided electronic access to names and social security numbers of persons voluntarily excluded through a secured interactive internet site maintained by the commission and information regarding persons voluntarily excluded shall be disseminated to all licensees under this chapter and chapter 99F. The names, social security numbers, and information regarding persons voluntarily excluded shall be kept confidential unless otherwise ordered by a court or by another person duly authorized to release such information. The process established shall also require a person requesting to be voluntarily excluded be provided information compiled by the Iowa department of public health on gambling treatment options. The state and any licensee under this chapter or chapter 99F shall not be liable to any person for any claim which may arise from this process. In addition to any other penalty provided by law, any money or thing of value that has been obtained by, or is owed to, a voluntarily excluded person as a result of wagers made by the person after the person has...
been voluntarily excluded shall be forfeited by the person and shall be credited to the general fund of the state.

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

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

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

NEW SUBSECTION. 2A. "Authorized sporting event" means a professional sporting event, collegiate sporting event, international sporting event, professional motor race event, or any other minor league or amateur sporting event as authorized by the commission pursuant to section 99F.7A, subsection 3. "Authorized sporting event" does not include a race as defined in section 99D.2, a fantasy sports contest as defined in section 99E.1, or any athletic event or competition of an interscholastic sport as defined in section 9A.102.

NEW SUBSECTION. 4A. "Collegiate sporting event" means an athletic event or competition of an intercollegiate sport as defined in section 9A.102.

NEW SUBSECTION. 16A. "International sporting event" means an international team or individual sporting event governed by an international sports federation or sports governing body, including sporting events governed by the international olympic committee and the international federation of association football.

NEW SUBSECTION. 18A. "Minor league sporting event" means a sporting event conducted by a sports league which is not regarded as the premier league in the sport as determined by
the commission.

NEW SUBSECTION. 19A. "Professional sporting event" means an event, excluding a minor league sporting event, at which two or more persons participate in sports or athletic events and receive compensation in excess of actual expenses for their participation in such event.

NEW SUBSECTION. 23. "Sports wagering" means the acceptance of wagers on an authorized sporting event by any system of wagering as authorized by the commission.

NEW SUBSECTION. 24. "Sports wagering area" means an area, as designated by the commission, in which sports wagering is conducted.

NEW SUBSECTION. 25. "Sports wagering net receipts" means the gross receipts less winnings paid to wagerers on sports wagering.

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

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

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

99F.3 Gambling games and sports wagering authorized.

The system of wagering on a gambling game and sports wagering as provided by this chapter is legal, when conducted on an excursion gambling boat, gambling structure, or racetrack enclosure at authorized locations by a licensee as provided in this chapter.

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

3. To adopt standards under which all excursion gambling boat operations shall be held and standards for the facilities within which the gambling operations are to be held. The commission may authorize the operation of gambling games on an excursion gambling boat and sports wagering in a sports wagering area which is also licensed to sell or serve alcoholic
beverages, wine, or beer as defined in section 123.3.

To establish a process to allow a person to be voluntarily excluded from advance deposit wagering as defined in section 99D.11, from an internet fantasy sports contest as defined in section 99E.1, from advance deposit sports wagering as defined in section 99F.9, from the gaming floor and sports wagering area of an excursion gambling boat, from the wagering area, as defined in section 99D.2, and from the gaming floor and sports wagering area of all other licensed facilities under this chapter and chapter 99D as provided in this subsection.

The process shall provide that an initial request by a person to be voluntarily excluded shall be for a period of five years or life and any subsequent request following any five-year period shall be for a period of five years or life. The process established shall require that licensees be provided electronic access to names and social security numbers of persons voluntarily excluded through a secured interactive internet site maintained by the commission and information regarding persons voluntarily excluded shall be disseminated to all licensees under this chapter and chapter 99D. The names, social security numbers, and information regarding persons voluntarily excluded shall be kept confidential unless otherwise ordered by a court or by another person duly authorized to release such information. The process established shall also require a person requesting to be voluntarily excluded be provided information compiled by the Iowa department of public health on gambling treatment options. The state and any licensee under this chapter or chapter 99D shall not be liable to any person for any claim which may arise from this process. In addition to any other penalty provided by law, any money or thing of value that has been obtained by, or is owed to, a voluntarily excluded person as a result of wagers made by the person after the person has been voluntarily excluded shall be forfeited by the person and shall be credited to the general fund of the state.
Sec. 7. Section 99F.4, Code 2019, is amended by adding the following new subsection:

NEW SUBSECTION. 27. To adopt standards under which all sports wagering is conducted, including the scope and type of wagers allowed, to identify occupations within sports wagering which require licensing, and to adopt standards for licensing and background qualifications for occupations including establishing fees for the occupational license. All revenue received by the commission under this chapter from license fees shall be deposited in the general fund of the state and shall be subject to the requirements of section 8.60. All revenue received by the commission from regulatory fees shall be deposited into the gaming regulatory revolving fund established in section 99F.20.

Sec. 8. NEW SECTION. 99F.7A Sports wagering — license — terms and conditions — fees.

1. The commission shall, upon payment of an initial license fee of an amount as determined by the general assembly and submission of an application to the commission consistent with the requirements of section 99F.6, issue a license to conduct sports wagering to a licensee authorized to conduct gambling games at a pari-mutuel racetrack enclosure or a licensee authorized to operate an excursion gambling boat or gambling structure, subject to the requirements of this chapter. The annual renewal fee for a license to conduct or operate sports wagering shall be an amount as determined by the general assembly.

2. A licensee under this section shall include on the internet site or mobile application used by the licensee to conduct advance deposit sports wagering as authorized in section 99F.9 the statewide telephone number authorized by the Iowa department of public health to provide problem gambling information, extensive responsible gaming features in addition to those described in section 99F.4, subsection 22, and a link to the internet site or mobile application used by an
1 advance deposit wagering operator to conduct advance deposit
2 wagering pursuant to section 99D.11. In addition, a licensee
3 may enter into operating agreements with one or two entities to
4 have up to a total of two individually branded internet sites
5 to conduct advance deposit sports wagering for the licensee,
6 unless one additional operating agreement or individually
7 branded internet site is authorized by the commission.
8
9 3. Except as provided by this subsection, sports wagering
10 on minor league sporting events or amateur athletic contests
11 or competitions is prohibited. However, the commission shall
12 have the authority, in its sole discretion and upon application
13 to the commission in a manner as provided by the commission,
14 to authorize sports wagering on minor league sporting events
15 or amateur athletic contests or competitions subject to the
16 requirements of this subsection. The application to the
17 commission shall specify what minor league sporting events
18 or amateur athletic contests or competitions the applicant
19 seeks commission authorization for sports wagering. In
20 determining whether to authorize sports wagering pursuant to
21 the requirements of this subsection, the commission shall, at a
22 minimum, consider whether allowing wagers on the results of the
23 sporting events that are the subject of the application will
24 not create a significant risk for manipulation and corruption
25 of the sporting events and will provide a quality and fair
26 wagering experience for bettors.
27
28 4. A licensee issued a license to conduct sports wagering
29 under this section shall employ commercially reasonable steps
30 to prohibit coaches, athletic trainers, officials, players, or
31 other individuals who participate in an authorized sporting
32 event that is the subject of sports wagering from sports
33 wagering under this chapter. In addition, a licensee shall
34 employ commercially reasonable steps to prohibit persons
35 who are employed in a position with direct involvement with
36 coaches, players, athletic trainers, officials, players, or
37 participants in an authorized sporting event that is the
subject of sports wagering from sports wagering under this chapter.

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

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

A licensee licensed under section 99F.7 shall post a bond to the state of Iowa before the license is issued in a sum as the commission shall fix, with sureties to be approved by the commission. The bond shall be used to guarantee that the licensee faithfully makes the payments, keeps its books and records and makes reports, and conducts its gambling games and sports wagering in conformity with this chapter and the rules adopted by the commission. The bond shall not be canceled by a surety on less than thirty days’ notice in writing to the commission. If a bond is canceled and the licensee fails to file a new bond with the commission in the required amount on or before the effective date of cancellation, the licensee’s license shall be revoked. The total and aggregate liability of the surety on the bond is limited to the amount specified in the bond.

Sec. 10. Section 99F.9, subsection 1, Code 2019, is amended to read as follows:

1. Except as permitted in this section, the licensee shall not permit any sports wagering or any form of wagering on gambling games.

Sec. 11. Section 99F.9, Code 2019, is amended by adding the following new subsection:

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

(1) “Advance deposit sports wagering” means a method of sports wagering in which an eligible individual may, in an account established with a licensee under section 99F.7A, deposit moneys into the account and use the account balance to pay for sports wagering. Prior to January 1, 2021, an account must be established by an eligible individual in person with...
(2) "Advance deposit sports wagering operator" means an advance deposit sports wagering operator licensed by the commission who has entered into an agreement with a licensee under section 99F.7A to provide advance deposit sports wagering.

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

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

c. An unlicensed person taking or receiving sports wagers from residents of this state is guilty of a class "D" felony.

Sec. 12. Section 99F.9, subsection 4, Code 2019, is amended to read as follows:

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

Sec. 13. Section 99F.12, subsection 2, Code 2019, is amended to read as follows:

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

b. A licensee under section 97F.7A shall promptly report to the commission any criminal or disciplinary proceedings commenced against the licensee or its employees in connection with the licensee conducting sports wagering or advance deposit sports wagering, any abnormal wagering activity or patterns that may indicate a concern about the integrity of an authorized sporting event or events, and any other conduct with the potential to corrupt a wagering outcome of an authorized sporting event for purposes of financial gain, including but not limited to match fixing, and suspicious or illegal wagering activities, including the use of funds derived from illegal activity, wagers to conceal or launder funds derived from illegal activity, use of agents to place wagers, or use of false identification. The commission is authorized to share any information received pursuant to this paragraph with any law enforcement entity, sports team, sports governing body, or regulatory agency the commission deems appropriate.

c. The gross receipts and adjusted gross receipts from gambling shall be separately handled and accounted for from all other moneys received from operation of an excursion gambling boat or from operation of a racetrack enclosure or gambling structure licensed to conduct gambling games. The commission may designate a representative to board a licensed excursion gambling boat or to enter a racetrack enclosure or gambling structure licensed to conduct gambling games. The representative shall have full access to all places within the enclosure of the boat, the gambling structure, or the racetrack enclosure and shall directly supervise the handling and accounting of all gross receipts and adjusted gross receipts.
from gambling. The representative shall supervise and check
the admissions. The compensation of a representative shall be
fixed by the commission but shall be paid by the licensee.
Sec. 14. Section 99F.15, subsection 1, paragraph c, Code
2019, is amended to read as follows:
c. Acting, or employing a person to act, as a shill or
decoys to encourage participation in a gambling game or sports
wagering.
Sec. 15. Section 99F.15, subsection 4, paragraphs d, h, and
i, Code 2019, are amended to read as follows:
d. Cheats at a gambling game, including but not limited to
committing any act which alters the outcome of the game, or
cheats at sports wagering.
h. Claims, collects, or takes, or attempts to claim,
collect, or take, money or anything of value in or from the
gambling games or sports wagering, with intent to defraud,
without having made a wager contingent on winning a gambling
game or sports wager, or claims, collects, or takes an amount
of money or thing of value of greater value than the amount
won.
i. Knowingly entices or induces a person to go to any place
where a gambling game or sports wagering is being conducted or
operated in violation of the provisions of this chapter with
the intent that the other person plays or participates in that
gambling game or sports wagering.
Sec. 16. Section 99F.20, subsection 1, Code 2019, is amended
to read as follows:
1. A gaming regulatory revolving fund is created in
the state treasury under the control of the department of
inspections and appeals. The fund shall consist of fees
collected and deposited into the fund paid by licensees
pursuant to section 99D.14, subsection 2, paragraph “c”, fees
paid by licensees pursuant to section 99E.5, subsection 4,
paragraph “c”, regulatory fees paid by licensees pursuant
to section 99F.4, subsection 27, and fees paid by licensees
pursuant to section 99F.10, subsection 4, paragraph "c". All 
costs relating to racetrack, excursion boat, and gambling 
structure regulation shall be paid from the fund as provided in 
appropriations made for this purpose by the general assembly. 
The department shall provide quarterly reports to the 
department of management and the legislative services agency 
specifying revenues billed and collected and expenditures 
from the fund in a format as determined by the department 
of management in consultation with the legislative services 
agency.

Sec. 17. SPORTS WAGERING TAX — FEES — ALLOCATIONS. It is 
the intent of the general assembly to establish sports wagering 
licensee fees, a tax on sports wagering net receipts, and to 
provide for the allocation of revenues derived from the tax.

DIVISION II

FANTASY SPORTS CONTESTS

Sec. 18. NEW SECTION. 99E.1 Definitions.

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

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

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

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

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

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

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

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

8. "Location percentage" means, for each internet fantasy
sports contest, the percentage, rounded to the nearest tenth of
a percent, equal to the total charges and fees collected from
all internet fantasy sports contest players located in this
state divided by the total charges and fees collected from all
participants in the internet fantasy sports contest.
1. The commission shall have full jurisdiction over and shall supervise internet fantasy sports contests and internet fantasy sports contest service providers as governed by this chapter.

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

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

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

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

   d. To investigate alleged violations of this chapter or the commission rules, orders, or final decisions and to take appropriate disciplinary action against a licensee, or institute appropriate legal action for enforcement, or both.

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

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

Sec. 21. NEW SECTION. 99E.4 Requirements of applicant — fee.

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

2. An applicant shall submit fingerprints and information
1 that the commission deems necessary to the commission in the
2 manner prescribed on the application forms. The fingerprints
3 may be submitted to the federal bureau of investigation by
4 the department of public safety through the state criminal
5 history repository for the purpose of a national criminal
6 history check. The results of a criminal history record check
7 conducted pursuant to this subsection shall be considered a
8 confidential record under chapter 22.
9 3. If the commission is not satisfied that it can determine
10 if an applicant meets the requirements necessary for issuing
11 a license pursuant to this chapter, the commission may
12 request the department of public safety, division of criminal
13 investigation, to investigate and obtain the information
14 necessary for the commission to make a determination on whether
15 to issue the applicant a license.
16 4. The commission shall charge the applicant a reasonable
17 fee set by the department of public safety, division of
18 criminal investigation, to defray those costs associated
19 with the fingerprint and national criminal history check
20 requirements of subsection 2 concerning the applicant. In
21 addition, if the commission requests that an additional
22 investigation be conducted by the division of criminal
23 investigation as provided in subsection 3, the commission shall
24 charge the applicant the reasonable costs of this additional
25 investigation. These fees and costs are in addition to any
26 other license fees and costs charged by the commission. The
27 fees and costs may be retained by the department of public
28 safety, division of criminal investigation, and shall be
29 considered repayment receipts as defined in section 8.2.
30 5. The commission shall not grant a license to an applicant
31 if there is substantial evidence that any of the following
32 apply:
33 a. A license issued to the applicant to conduct internet
34 fantasy sports contests in another jurisdiction has been
35 revoked, or a request for a license to conduct internet fantasy
Sports contests in another jurisdiction has been denied, by an entity licensing persons to conduct such contests in that jurisdiction. 

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

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

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

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

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

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

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

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

Sec. 22. NEW SECTION. 99E.5 Licenses — fees — terms and conditions — revocation. 

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

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

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

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

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

d. Allow individuals to restrict themselves from entering an internet fantasy sports contest conducted by the internet fantasy sports contest service provider upon request and take reasonable steps to prevent those individuals from entering any internet fantasy sports contests conducted by the internet fantasy sports contest service provider.

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

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

g. Segregate internet fantasy sports contest player funds from operational funds or maintain a reserve in the form of cash, cash equivalents, an irrevocable letter of credit, payment processor reserves and receivables, a bond, or a combination thereof in the amount of the deposits in internet fantasy sports contest player accounts for the benefit and protection of internet fantasy sports contest player funds held in internet fantasy sports contest accounts by the internet fantasy sports contest service provider.
h. Annually contract with a third party to perform an independent examination, consistent with the attestation standards established by the American institute of certified public accountants, to ensure compliance with all of the requirements in this chapter and submit the results of the independent audit to the commission. The audit shall be submitted to the commission by July 1 of the year following the year subject to the audit.

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

3. The annual license fee to conduct internet fantasy sports contests shall be an amount as determined by the general assembly. Moneys collected by the commission from the annual license fee paid under this subsection shall be considered repayment receipts as defined in section 8.2.

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

b. A licensed internet fantasy sports contest service provider shall receive a credit for the amount of the regulatory fee paid by the provider against the taxes to be paid pursuant to section 99E.6.

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

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

Sec. 23. NEW SECTION. 99E.6 Internet fantasy sports contest tax — fees — intent.

It is the intent of the general assembly to establish internet fantasy sports contest license fees, a tax on internet fantasy sports contest adjusted revenues, and to provide for the allocation of revenues derived from the tax.
Sec. 24. NEW SECTION. 99E.7 Internet fantasy sports contests — age restrictions.

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

Sec. 25. NEW SECTION. 99E.8 Division of criminal investigation.

If the commission has reasonable cause to believe that a licensee has committed a violation of this chapter, the commission may request the division of criminal investigation of the department of public safety to investigate to determine licensee compliance with the requirements of this chapter. The criminal investigation division and the commission shall cooperate to the maximum extent possible on an investigation. The commission shall assess the licensee the reasonable costs of the investigation conducted by the division of criminal investigation pursuant to a request by the commission under this section. The costs may be retained by the department of public safety, division of criminal investigation, and shall be considered repayment receipts as defined in section 8.2.

Sec. 26. NEW SECTION. 99E.9 Civil penalty.

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

Sec. 27. Section 99F.2, Code 2019, is amended to read as follows:

99F.2 Scope of provisions.

This chapter does not apply to the pari-mutuel system of wagering used or intended to be used in connection with the
1 horse-race or dog-race meetings as authorized under chapter
2 99D, internet fantasy sports contests authorized under chapter
3 99E, lottery or lotto games authorized under chapter 99G, or
4 bingo or games of skill or chance authorized under chapter 99B.
5 Sec. 28. Section 232C.4, subsection 3, Code 2019, is amended
6 to read as follows:
7 3. An emancipated minor shall remain subject to voting
8 restrictions under chapter 48A, gambling restrictions under
9 chapter 99B, 99D, 99F, 99G, or 725, internet fantasy sports
10 contest restrictions under chapter 99E, alcohol restrictions
11 under chapter 123, compulsory attendance requirements under
12 chapter 299, and cigarette tobacco restrictions under chapter
13 453A.
14 Sec. 29. Section 714B.10, subsection 1, Code 2019, is
15 amended to read as follows:
16 1. Advertising by sponsors registered pursuant to chapter
17 557B, licensed pursuant to chapter 99B, or regulated pursuant
18 to chapter 99D, 99E, 99F, or 99G.
19 Sec. 30. Section 725.15, Code 2019, is amended to read as
20 follows:
21 725.15 Exceptions for legal gambling.
22 Sections 725.5 through 725.10 and 725.12 do not apply to
23 a game, activity, ticket, or device when lawfully possessed,
24 used, conducted, or participated in pursuant to chapter 99B,
25 99E, 99F, or 99G.
26 Sec. 31. Section 805.8C, Code 2019, is amended by adding the
27 following new subsection:
28 NEW SUBSECTION. 12. Internet fantasy sports contest
29 violations. For violations of legal age for entering an
30 internet fantasy sports contest under section 99E.7, the
31 scheduled fine is five hundred dollars. Failure to pay the
32 fine by a person under the age of eighteen shall not result in
33 the person being detained in a secure facility.
34 DIVISION III
35 GAMBLING REGULATION
Sec. 32. Section 99F.6, Code 2019, is amended by adding the following new subsection:

NEW SUBSECTION. 9. The board of directors of a qualified sponsoring organization licensed to operate gambling games under this chapter shall include, as ex officio, nonvoting members of the board, a member of the county board of supervisors and a member of a city council for each county and city that has a licensed gambling games facility operated by the qualified sponsoring organization. The ex officio members shall serve terms of the same duration as voting members of the board.

Sec. 33. Section 99F.17A, Code 2019, is amended to read as follows:

99F.17A Inspection of gambling games or implements of gambling — inspection — wagering requirements.

1. A licensed manufacturer or distributor of gambling games or implements of gambling shall deliver the gambling games or implements of gambling to a location approved by the commission for inspection and approval prior to being placed in operation. Gambling games or implements of gambling acquired pursuant to section 99F.17, subsection 6, shall be inspected and approved by the commission prior to being placed in operation. Gambling games or implements of gambling passing inspection and receiving approval may then be placed in operation on an excursion gambling boat.

2. A licensee that offers gambling games containing a wheel and ball, or virtual simulation, shall have at least one of these games that provide for a house edge under three percent for a single number wager.

DIVISION IV

EFFECTIVE DATE AND IMPLEMENTATION PROVISIONS

Sec. 34. EMERGENCY RULES. The state racing and gaming commission created under section 99D.5 may adopt emergency rules under section 17A.4, subsection 3, and section 17A.5, subsection 2, paragraph “b”, to implement the provisions of...
1 this Act and the rules shall be effective immediately upon
2 filing unless a later date is specified in the rules but in
3 no event earlier than July 4, 2019. Any rules adopted in
4 accordance with this section shall also be published as a
5 notice of intended action as provided in section 17A.4.
6 Sec. 35. IMPLEMENTATION. The racing and gaming commission
7 shall not implement this Act until the later of July 4, 2019,
8 or the date the commission has adopted rules pursuant to
9 chapter 17A providing for such implementation and such rules
10 have become effective.
11 Sec. 36. EFFECTIVE DATE. This Act, being deemed of
12 immediate importance, takes effect upon enactment.
13 EXPLANATION
14 The inclusion of this explanation does not constitute agreement with
15 the explanation’s substance by the members of the general assembly.
16 This bill authorizes wagering on sporting events and fantasy
17 sports contests and amends provisions relating to gambling game
18 regulation.
19 SPORTS WAGERING. Division I of the bill authorizes wagering
20 on certain sporting events and provides for the licensing and
21 regulation of sports wagering.
22 Code section 99F.1, concerning definitions, is amended. The
23 bill defines “sports wagering” as acceptance of wagers on an
24 authorized sporting event by any system of wagering authorized
25 by the commission.
26 The bill defines “authorized sporting event” as a
27 professional sporting event, collegiate sporting event,
28 international sporting event, professional motor race event, or
29 any other minor league or amateur sporting event as authorized
30 by the commission pursuant to the bill. The bill specifically
31 excludes from the definition of “authorized sporting event” a
32 race as defined in Code section 99D.2, a fantasy sports contest
33 as defined in Code section 99E.1 as provided in the bill, or
34 any athletic event or competition of an interscholastic sport
35 as defined in Code section 9A.102. The bill further defines
each sporting event included in the definition of authorized
sporting event and defines and excludes from the definition of
"professional sporting event", a minor league sporting event.
"Sports wagering net receipts" is defined as gross receipts
less winnings paid to wagerers on sports wagering. "Sports
wagering area" is defined as an area, as designated by the
commission, in which sports wagering is conducted.
Code sections 99D.7(23) and 99F.4(22), concerning persons
voluntarily excluded from wagering or gaming areas, are amended
to include internet fantasy sports contests, advance deposit
wagering, advance deposit sports wagering, and the sports
wagering area.
Code section 99F.3, concerning authorized wagering under
Code chapter 99F, is amended to authorize sports wagering.
Code section 99F.4, concerning racing and gaming commission
powers, is amended to authorize the operation of sports
wagering in a sports wagering area on an excursion gambling
boat which is also licensed to serve alcoholic beverages,
grants the racing and gaming commission the authority to adopt
the scope and type of wagers allowed. The bill provides that
revenue received by the commission from license fees for sports
wagering shall be deposited in the general fund of the state
and revenue received by the commission from regulatory fees
shall be deposited into the gaming regulatory revolving fund
New Code section 99F.7A provides specific requirements
relative to the licensing, operation, and fees applicable to
sports wagering.
The bill provides that the commission shall, upon payment
of an initial license fee, issue a license to conduct sports
wagering to a licensee authorized to conduct gambling games at
a pari-mutuel racetrack enclosure or a licensee authorized to
operate an excursion gambling boat or gambling structure. The
bill provides for an annual renewal fee. The new Code section
also provides that a licensee shall include on the internet site or mobile application used by the licensee to conduct advance deposit sports wagering the statewide telephone number authorized by the Iowa department of public health to provide problem gambling information, extensive responsible gaming features, and a link to the internet site or mobile application used to conduct advance deposit wagering as authorized by Code section 99D.11. The new Code section also provides that the commission, upon application, may authorize sports wagering on minor league sporting events or amateur athletic contests or competitions. The new Code section also provides that a licensee issued a license to conduct sports wagering shall employ commercially reasonable steps to prohibit coaches, athletic trainers, officials, players, participants, or other persons employed in a position with direct involvement with such individuals from sports wagering under Code chapter 99F. Code section 99F.8, concerning licensee bonding requirements, is amended to make such requirements applicable to sports wagering.

Code section 99F.9, concerning wagering on gambling games, is amended to allow the commission to authorize gambling game licensees under Code chapter 99F to conduct advance deposit sports wagering. The bill also allows a licensee under Code section 99F.7A to enter into an agreement with an advance deposit sports wagering operator licensed by the commission to provide advance deposit sports wagering for the licensee and allows the commission to require the advance deposit sports wagering operator to conduct an audit. The bill would allow for an advance deposit wager to be placed in person at a licensed facility authorized to conduct gambling games or from any other location by telephone or other electronic means. The bill defines “advance deposit sports wagering” as a form of wagering where an eligible individual creates an account with a licensee, deposits money into that account, and can use the balance within the account for sports wagering. Prior to
January 1, 2021, an account must be established in person with a licensee. The bill defines an “eligible individual” for purposes of advance deposit sports wagering as an individual 21 years of age or older who is located within this state. The bill provides that an unlicensed person taking sports wagers from Iowa residents is guilty of a class “D” felony, punishable by confinement for no more than five years and a fine of at least $750 but not more than $7,500. The Code section is also amended to provide that a person under the age of 21 shall not make or attempt to make a wager by advance deposit sports wagering.

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

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

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

The bill also provides that it is the intent of the general assembly to establish sports wagering license fees, a tax on
sports wagering net receipts, and to provide for the allocation of revenues derived from the tax.

FANTASY SPORTS CONTESTS. Division II of the bill authorizes internet fantasy sports contests and provides for the licensing, regulation, and taxation of internet fantasy sports contests.

New Code section 99E.1 provides for definitions. A "fantasy sports contest" is defined as any fantasy or simulated game or contest in which all prizes and awards offered to winning participants are established and made known in advance of the contest, all winning outcomes reflect the relative knowledge and skill of the participants and are determined predominantly by accumulated statistical results of the performance of individuals, and no winning outcome is based on the score, or performance of any single actual team or combination of such teams or solely on any single performance of an individual athlete in any single actual sporting or other event. An "internet fantasy sports contest" is defined as a method of entering a fantasy sports contest by establishing an account with an internet fantasy sports contest service provider. An "internet fantasy sports contest player" is defined as a person who is at least 21 years of age who participates in an internet fantasy sports contest. The bill also defines "internet fantasy sports contest adjusted revenues", "internet fantasy sports contest service provider", and "location percentage".

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

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

New Code section 99E.4 establishes the requirements for an applicant to be granted a license to conduct internet fantasy sports contests. The Code section allows the commission to charge the applicant a fee for the department of public safety, division of criminal investigation, to defray the costs associated with any investigation. The new Code section provides that a license shall not be issued if there is evidence that the applicant has failed to meet certain qualifying requirements. The Code section provides that a person who knowingly makes a false statement on the application is guilty of an aggravated misdemeanor.

New Code section 99E.5 establishes the terms and conditions of licenses issued to conduct internet fantasy sports contests. The Code section provides that a license may be issued for a period of not more than three years and provides for an annual license fee. The Code section also provides for the payment of a regulatory fee to be set by the racing and gaming commission based on the costs of administering and enforcing the new Code chapter. The Code section further provides that each licensee shall receive a credit for the amount of the regulatory fee paid against taxes to be paid pursuant to the new Code chapter. The Code section provides that a licensed internet fantasy sports contest service provider shall use commercially reasonable methods to prevent any employees and certain family members from participating in internet fantasy sports contests on the service provider’s digital platform, verify that internet fantasy sports contest players located in this state are 21 or older, ensure that participants in a game or contest shall not be allowed to enter an internet fantasy sports contest involving that game or contest, permit individuals to establish an account with an internet fantasy sports contest service provider by electronic communication and
to restrict themselves from entering an internet fantasy sports contest, perform an independent audit, and pay the tax imposed by the new Code chapter.

New Code section 99E.6 provides that it is the intent of the general assembly to establish internet fantasy sports contest license fees and to tax internet fantasy sports contest adjusted revenues. The bill defines, in new Code section 99E.1, "internet fantasy sports contest adjusted revenues" as the total of fees and charges collected, less winnings, in an internet fantasy sports contest multiplied by the percentage of fees and charges paid by participants who are located in this state in that contest.

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

New Code section 99E.8 authorizes the division of criminal investigation of the department of public safety to investigate licensee compliance with the requirements of the new Code chapter.

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

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

GAMBLING REGULATION. Code section 99F.6 is amended to provide that a qualified sponsoring organization licensed
1 to operate gambling games shall include, as ex officio, 2 nonvoting members of the board, a member of the county board of 3 supervisors and a member of a city council for each county and 4 city that has a licensed gambling games facility operated by 5 the qualified sponsoring organization. 6 Code section 99F.17A, concerning gambling games or 7 implements of gambling, is amended to provide that if a 8 licensee offers gambling games containing a wheel and ball, or 9 virtual simulation, at least one of these games shall provide 10 for a house edge under 3 percent for a single number wager. 11 EFFECTIVE DATE AND IMPLEMENTATION PROVISIONS. The bill 12 takes effect upon enactment. However, the bill authorizes 13 the racing and gaming commission to adopt emergency rules to 14 implement the bill and provides that the racing and gaming 15 commission shall not implement the bill until the later of July 16 4, 2019, or the date the commission has adopted rules pursuant 17 to Code chapter 17A providing for such implementation and such 18 rules have become effective.