

Senate File 366 - Introduced

SENATE FILE 366
BY COMMITTEE ON STATE
GOVERNMENT

(SUCCESSOR TO SSB 1168)

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

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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

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

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

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

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

1 the commission.

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

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

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

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

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

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

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

22 **99F.3 Gambling games and sports wagering authorized.**

23 The system of wagering on a gambling game and sports wagering
24 as provided by [this chapter](#) is legal, when conducted on an
25 excursion gambling boat, gambling structure, or racetrack
26 enclosure at authorized locations by a licensee as provided in
27 this chapter.

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

30 3. To adopt standards under which all excursion gambling
31 boat operations shall be held and standards for the facilities
32 within which the gambling operations are to be held. The
33 commission may authorize the operation of gambling games on
34 an excursion gambling boat and sports wagering in a sports
35 wagering area which is also licensed to sell or serve alcoholic

1 beverages, wine, or beer as defined in [section 123.3](#).
2 22. To establish a process to allow a person to be
3 voluntarily excluded from advance deposit wagering as defined
4 in section 99D.11, from an internet fantasy sports contest as
5 defined in section 99E.1, from advance deposit sports wagering
6 as defined in section 99F.9, from the gaming floor and sports
7 wagering area of an excursion gambling boat, from the wagering
8 area, as defined in [section 99D.2](#), and from the gaming floor
9 and sports wagering area of all other licensed facilities under
10 this chapter and [chapter 99D](#) as provided in [this subsection](#).
11 The process shall provide that an initial request by a person
12 to be voluntarily excluded shall be for a period of five years
13 or life and any subsequent request following any five-year
14 period shall be for a period of five years or life. The
15 process established shall require that licensees be provided
16 electronic access to names and social security numbers of
17 persons voluntarily excluded through a secured interactive
18 internet site maintained by the commission and information
19 regarding persons voluntarily excluded shall be disseminated
20 to all licensees under [this chapter](#) and [chapter 99D](#). The
21 names, social security numbers, and information regarding
22 persons voluntarily excluded shall be kept confidential
23 unless otherwise ordered by a court or by another person
24 duly authorized to release such information. The process
25 established shall also require a person requesting to be
26 voluntarily excluded be provided information compiled by the
27 Iowa department of public health on gambling treatment options.
28 The state and any licensee under [this chapter](#) or [chapter 99D](#)
29 shall not be liable to any person for any claim which may arise
30 from this process. In addition to any other penalty provided
31 by law, any money or thing of value that has been obtained by,
32 or is owed to, a voluntarily excluded person as a result of
33 wagers made by the person after the person has been voluntarily
34 excluded shall be forfeited by the person and shall be credited
35 to the general fund of the state.

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

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

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

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

28 2. A licensee under this section shall include on the
29 internet site or mobile application used by the licensee to
30 conduct advance deposit sports wagering as authorized in
31 section 99F.9 the statewide telephone number authorized by the
32 Iowa department of public health to provide problem gambling
33 information, extensive responsible gaming features in addition
34 to those described in section 99F.4, subsection 22, and a
35 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 3. Except as provided by this subsection, sports wagering
9 on minor league sporting events or amateur athletic contests
10 or competitions is prohibited. However, the commission shall
11 have the authority, in its sole discretion and upon application
12 to the commission in a manner as provided by the commission,
13 to authorize sports wagering on minor league sporting events
14 or amateur athletic contests or competitions subject to the
15 requirements of this subsection. The application to the
16 commission shall specify what minor league sporting events
17 or amateur athletic contests or competitions the applicant
18 seeks commission authorization for sports wagering. In
19 determining whether to authorize sports wagering pursuant to
20 the requirements of this subsection, the commission shall, at a
21 minimum, consider whether allowing wagers on the results of the
22 sporting events that are the subject of the application will
23 not create a significant risk for manipulation and corruption
24 of the sporting events and will provide a quality and fair
25 wagering experience for bettors.

26 4. A licensee issued a license to conduct sports wagering
27 under this section shall employ commercially reasonable steps
28 to prohibit coaches, athletic trainers, officials, players, or
29 other individuals who participate in an authorized sporting
30 event that is the subject of sports wagering from sports
31 wagering under this chapter. In addition, a licensee shall
32 employ commercially reasonable steps to prohibit persons
33 who are employed in a position with direct involvement with
34 coaches, players, athletic trainers, officials, players, or
35 participants in an authorized sporting event that is the

1 subject of sports wagering from sports wagering under this
2 chapter.

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

5 **99F.8 Bond of licensee.**

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

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

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

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

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

30 (1) "*Advance deposit sports wagering*" means a method of
31 sports wagering in which an eligible individual may, in an
32 account established with a licensee under section 99F.7A,
33 deposit moneys into the account and use the account balance to
34 pay for sports wagering. Prior to January 1, 2021, an account
35 must be established by an eligible individual in person with

1 a licensee.

2 (2) *“Advance deposit sports wagering operator”* means an
3 advance deposit sports wagering operator licensed by the
4 commission who has entered into an agreement with a licensee
5 under section 99F.7A to provide advance deposit sports
6 wagering.

7 (3) *“Eligible individual”* means an individual who is at
8 least twenty-one years of age or older who is located within
9 this state.

10 b. The commission may authorize a licensee under section
11 99F.7A to conduct advance deposit sports wagering. An advance
12 deposit sports wager may be placed in person in the sports
13 wagering area, or from any other location via a telephone-type
14 device or any other electronic means. The commission may also
15 issue an advance deposit sports wagering operator license to
16 an entity who complies with this subsection and section 99F.6
17 and may require the advance deposit sports wagering operator to
18 conduct an audit consistent with the requirements of section
19 99F.13.

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

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

24 4. A person under the age of twenty-one years shall not make
25 or attempt to make a wager pursuant to subsection 3A or on an
26 excursion gambling boat, gambling structure, or in a racetrack
27 enclosure and shall not be allowed on the gaming floor of
28 an excursion gambling boat or gambling structure or in the
29 wagering area, as defined in [section 99D.2](#), or on the gaming
30 floor of a racetrack enclosure. However, a person eighteen
31 years of age or older may be employed to work on the gaming
32 floor of an excursion gambling boat or gambling structure or
33 in the wagering area or on the gaming floor of a racetrack
34 enclosure. A person who violates [this subsection](#) with respect
35 to making or attempting to make a wager commits a scheduled

1 violation under [section 805.8C, subsection 5](#), paragraph "a".

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

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

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

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

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

4 Sec. 14. Section 99F.15, subsection 1, paragraph c, Code
5 2019, is amended to read as follows:

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

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

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

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

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

26 Sec. 16. Section 99F.20, subsection 1, Code 2019, is amended
27 to read as follows:

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

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

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

15 DIVISION II

16 FANTASY SPORTS CONTESTS

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

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

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

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

25 3. "*Fantasy sports contest*" includes any fantasy or
26 simulated game or contest in which the fantasy sports contest
27 operator is not a participant in the game or contest, the value
28 of all prizes and awards offered to winning participants are
29 established and made known to the participants in advance
30 of the contest, all winning outcomes reflect the relative
31 knowledge and skill of the participants and shall be determined
32 by accumulated statistical results of the performance of
33 individuals, including athletes in the case of sporting events,
34 and no winning outcome is based on the score, point spread, or
35 any performance or performances of any single actual team or

1 solely on any single performance of an individual athlete or
2 player in any single actual event.

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

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

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

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

23 8. "*Location percentage*" means, for each internet fantasy
24 sports contest, the percentage, rounded to the nearest tenth of
25 a percent, equal to the total charges and fees collected from
26 all internet fantasy sports contest players located in this
27 state divided by the total charges and fees collected from all
28 participants in the internet fantasy sports contest.

29 **Sec. 19. NEW SECTION. 99E.2 Internet fantasy sports**
30 **contests authorized.**

31 The system of entering an internet fantasy sports contest as
32 provided by this chapter is legal when conducted by a licensed
33 internet fantasy sports contest service provider as provided in
34 this chapter.

35 **Sec. 20. NEW SECTION. 99E.3 Commission — powers.**

1 1. The commission shall have full jurisdiction over and
2 shall supervise internet fantasy sports contests and internet
3 fantasy sports contest service providers as governed by this
4 chapter.

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

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

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

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

17 d. To investigate alleged violations of this chapter
18 or the commission rules, orders, or final decisions and to
19 take appropriate disciplinary action against a licensee, or
20 institute appropriate legal action for enforcement, or both.
21 Information gathered during an investigation is confidential
22 during the pendency of the investigation.

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

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

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

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

35 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

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

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

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

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

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

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

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

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

20 7. For the purposes of this section, "*applicant*" includes
21 each member of the board of directors of an internet fantasy
22 sports contest service provider.

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

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

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

34 *a.* Prevent employees of the internet fantasy sports contest
35 service provider and relatives living in the same household of

1 such employees from competing in any internet fantasy sports
2 contest on the service provider's digital platform in which the
3 service provider offers a cash prize to the public.

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

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

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

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

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

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

1 *h.* Annually contract with a third party to perform an
2 independent examination, consistent with the attestation
3 standards established by the American institute of certified
4 public accountants, to ensure compliance with all of the
5 requirements in this chapter and submit the results of the
6 independent audit to the commission. The audit shall be
7 submitted to the commission by July 1 of the year following the
8 year subject to the audit.

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

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

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

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

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

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

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

32 It is the intent of the general assembly to establish
33 internet fantasy sports contest license fees, a tax on internet
34 fantasy sports contest adjusted revenues, and to provide for
35 the allocation of revenues derived from the tax.

1 Sec. 24. NEW SECTION. **99E.7 Internet fantasy sports**
2 **contests — age restrictions.**

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

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

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

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

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

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

33 **99F.2 Scope of provisions.**

34 This chapter does not apply to the pari-mutuel system of
35 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

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

1 each sporting event included in the definition of authorized
2 sporting event and defines and excludes from the definition of
3 "professional sporting event", a minor league sporting event.
4 "Sports wagering net receipts" is defined as gross receipts
5 less winnings paid to wagerers on sports wagering. "Sports
6 wagering area" is defined as an area, as designated by the
7 commission, in which sports wagering is conducted.

8 Code sections 99D.7(23) and 99F.4(22), concerning persons
9 voluntarily excluded from wagering or gaming areas, are amended
10 to include internet fantasy sports contests, advance deposit
11 wagering, advance deposit sports wagering, and the sports
12 wagering area.

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

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

27 New Code section 99F.7A provides specific requirements
28 relative to the licensing, operation, and fees applicable to
29 sports wagering.

30 The bill provides that the commission shall, upon payment
31 of an initial license fee, issue a license to conduct sports
32 wagering to a licensee authorized to conduct gambling games at
33 a pari-mutuel racetrack enclosure or a licensee authorized to
34 operate an excursion gambling boat or gambling structure. The
35 bill provides for an annual renewal fee. The new Code section

1 also provides that a licensee shall include on the internet
2 site or mobile application used by the licensee to conduct
3 advance deposit sports wagering the statewide telephone number
4 authorized by the Iowa department of public health to provide
5 problem gambling information, extensive responsible gaming
6 features, and a link to the internet site or mobile application
7 used to conduct advance deposit wagering as authorized by Code
8 section 99D.11. The new Code section also provides that the
9 commission, upon application, may authorize sports wagering
10 on minor league sporting events or amateur athletic contests
11 or competitions. The new Code section also provides that a
12 licensee issued a license to conduct sports wagering shall
13 employ commercially reasonable steps to prohibit coaches,
14 athletic trainers, officials, players, participants, or other
15 persons employed in a position with direct involvement with
16 such individuals from sports wagering under Code chapter 99F.

17 Code section 99F.8, concerning licensee bonding
18 requirements, is amended to make such requirements applicable
19 to sports wagering.

20 Code section 99F.9, concerning wagering on gambling games,
21 is amended to allow the commission to authorize gambling game
22 licensees under Code chapter 99F to conduct advance deposit
23 sports wagering. The bill also allows a licensee under Code
24 section 99F.7A to enter into an agreement with an advance
25 deposit sports wagering operator licensed by the commission to
26 provide advance deposit sports wagering for the licensee and
27 allows the commission to require the advance deposit sports
28 wagering operator to conduct an audit. The bill would allow
29 for an advance deposit wager to be placed in person at a
30 licensed facility authorized to conduct gambling games or from
31 any other location by telephone or other electronic means.
32 The bill defines "advance deposit sports wagering" as a form
33 of wagering where an eligible individual creates an account
34 with a licensee, deposits money into that account, and can use
35 the balance within the account for sports wagering. Prior to

1 January 1, 2021, an account must be established in person with
2 a licensee. The bill defines an "eligible individual" for
3 purposes of advance deposit sports wagering as an individual
4 21 years of age or older who is located within this state. The
5 bill provides that an unlicensed person taking sports wagers
6 from Iowa residents is guilty of a class "D" felony, punishable
7 by confinement for no more than five years and a fine of at
8 least \$750 but not more than \$7,500. The Code section is also
9 amended to provide that a person under the age of 21 shall
10 not make or attempt to make a wager by advance deposit sports
11 wagering.

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

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

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

34 The bill also provides that it is the intent of the general
35 assembly to establish sports wagering license fees, a tax on

1 sports wagering net receipts, and to provide for the allocation
2 of revenues derived from the tax.

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

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

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

30 New Code section 99E.3 establishes the powers of the racing
31 and gaming commission in relation to internet fantasy sports
32 contests and internet fantasy sports contest service providers.
33 Specifically, the Code section authorizes the commission
34 to investigate and license internet fantasy sports contest
35 service providers, assess fines and revoke or suspend licenses,

1 impose penalties for violations of the Code chapter, and take
2 any other action to enforce the requirements of the new Code
3 chapter.

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

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

1 to restrict themselves from entering an internet fantasy sports
2 contest, perform an independent audit, and pay the tax imposed
3 by the new Code chapter.

4 New Code section 99E.6 provides that it is the intent of
5 the general assembly to establish internet fantasy sports
6 contest license fees and to tax internet fantasy sports contest
7 adjusted revenues. The bill defines, in new Code section
8 99E.1, "internet fantasy sports contest adjusted revenues" as
9 the total of fees and charges collected, less winnings, in an
10 internet fantasy sports contest multiplied by the percentage of
11 fees and charges paid by participants who are located in this
12 state in that contest.

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

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

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

29 The bill also makes changes to Code sections 99F.2, 232C.4,
30 714B.10, and 725.15 to provide that provisions in those Code
31 sections that list some or all Code chapters that govern lawful
32 gambling also lists the new Code chapter provided in this
33 division of the bill.

34 GAMBLING REGULATION. Code section 99F.6 is amended to
35 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.