

Senate File 617 - Introduced

SENATE FILE 617

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 366)

(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, or professional motor race
18 event. "*Authorized sporting event*" does not include a race as
19 defined in section 99D.2, a fantasy sports contest as defined
20 in section 99E.1, minor league sporting event, or any athletic
21 event or competition of an interscholastic sport as defined in
22 section 9A.102.

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

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

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

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

6 NEW SUBSECTION. 23. "*Sports wagering*" means the acceptance
7 of wagers on an authorized sporting event by any system of
8 wagering as authorized by the commission. "*Sports wagering*"
9 does not include placing a wager on the performance or
10 nonperformance of any individual athlete participating in
11 a single game or match of a collegiate sporting event in
12 which a collegiate team from this state is a participant, or
13 placing a wager on the performance of athletes in an individual
14 international sporting event governed by the international
15 olympic committee in which any participant in the international
16 sporting event is under eighteen years of age.

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

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

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

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

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

29 **99F.3 Gambling games and sports wagering authorized.**

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

35 Sec. 6. Section 99F.4, subsections 3 and 22, Code 2019, are

1 amended to read as follows:

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

9 22. To establish a process to allow a person to be
10 voluntarily excluded from advance deposit wagering as defined
11 in section 99D.11, from an internet fantasy sports contest as
12 defined in section 99E.1, from advance deposit sports wagering
13 as defined in section 99F.9, from the gaming floor and sports
14 wagering area of an excursion gambling boat, from the wagering
15 area, as defined in [section 99D.2](#), and from the gaming floor
16 and sports wagering area of all other licensed facilities under
17 this chapter and [chapter 99D](#) as provided in [this subsection](#).
18 The process shall provide that an initial request by a person
19 to be voluntarily excluded shall be for a period of five years
20 or life and any subsequent request following any five-year
21 period shall be for a period of five years or life. The
22 process established shall require that licensees be provided
23 electronic access to names and social security numbers of
24 persons voluntarily excluded through a secured interactive
25 internet site maintained by the commission and information
26 regarding persons voluntarily excluded shall be disseminated
27 to all licensees under [this chapter](#) and [chapter 99D](#). The
28 names, social security numbers, and information regarding
29 persons voluntarily excluded shall be kept confidential
30 unless otherwise ordered by a court or by another person
31 duly authorized to release such information. The process
32 established shall also require a person requesting to be
33 voluntarily excluded be provided information compiled by the
34 Iowa department of public health on gambling treatment options.
35 The state and any licensee under [this chapter](#) or [chapter 99D](#)

1 shall not be liable to any person for any claim which may arise
2 from this process. In addition to any other penalty provided
3 by law, any money or thing of value that has been obtained by,
4 or is owed to, a voluntarily excluded person as a result of
5 wagers made by the person after the person has been voluntarily
6 excluded shall be forfeited by the person and shall be credited
7 to the general fund of the state.

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

10 NEW SUBSECTION. 27. To adopt standards under which all
11 sports wagering is conducted, including the scope and type
12 of wagers allowed, to identify occupations within sports
13 wagering which require licensing, and to adopt standards
14 for licensing and background qualifications for occupations
15 including establishing fees for the occupational license. All
16 revenue received by the commission under this chapter from
17 license fees shall be deposited in the state philanthropy,
18 opportunity, reinvestment, and tourism fund created in section
19 8.57. All revenue received by the commission from regulatory
20 fees shall be deposited into the gaming regulatory revolving
21 fund established in section 99F.20.

22 Sec. 8. Section 99F.5, subsection 1, Code 2019, is amended
23 to read as follows:

24 1. A qualified sponsoring organization may apply to the
25 commission for a license to conduct gambling games on an
26 excursion gambling boat or gambling structure as provided in
27 this chapter. A person may apply to the commission for a
28 license to operate an excursion gambling boat. An operating
29 agreement entered into on or after May 6, 2004, between
30 a qualified sponsoring organization and an operator of an
31 excursion gambling boat or gambling structure shall provide for
32 a minimum distribution by the qualified sponsoring organization
33 for educational, civic, public, charitable, patriotic, or
34 religious uses as defined in section 99B.1, that averages at
35 least three percent of the adjusted gross receipts for each

1 license year and, if also licensed to conduct sports wagering,
2 three-quarters of one percent of sports wagering net receipts
3 for each license year. The application shall be filed with the
4 administrator of the commission at least ninety days before
5 the first day of the next excursion season as determined by
6 the commission, shall identify the excursion gambling boat
7 upon which gambling games will be authorized, shall specify
8 the exact location where the excursion gambling boat will be
9 docked, and shall be in a form and contain information as the
10 commission prescribes. The minimum capacity of an excursion
11 gambling boat or gambling structure is two hundred fifty
12 persons.

13 Sec. 9. Section 99F.6, subsection 4, paragraph a,
14 subparagraphs (2), (3), and (5), Code 2019, are amended to read
15 as follows:

16 (2) A qualified sponsoring organization licensed to operate
17 gambling games under [this chapter](#) shall distribute the receipts
18 of all gambling games, less reasonable expenses, charges,
19 taxes, fees, and deductions allowed under [this chapter](#), as
20 winnings to players or participants or shall distribute the
21 receipts for educational, civic, public, charitable, patriotic,
22 or religious uses as defined in section [99B.1](#). However, a
23 licensee to conduct gambling games under [this chapter](#) shall,
24 unless an operating agreement for an excursion gambling boat
25 otherwise provides, distribute at least three percent of the
26 adjusted gross receipts and, if also licensed to conduct sports
27 wagering, three-quarters of one percent of sports wagering net
28 receipts for each license year for educational, civic, public,
29 charitable, patriotic, or religious uses as defined in section
30 [99B.1](#). However, if a licensee who is also licensed to conduct
31 pari-mutuel wagering at a horse racetrack has unpaid debt from
32 the pari-mutuel racetrack operations, the first receipts of
33 the gambling games operated within the racetrack enclosure
34 less reasonable operating expenses, taxes, and fees allowed
35 under [this chapter](#) shall be first used to pay the annual

1 indebtedness.

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

26 (5) For purposes of this paragraph, "net receipts" means
27 the annual adjusted gross receipts from all gambling games and
28 sports wagering net receipts, less the annual amount of money
29 pledged by the owner of the facility to fund a project approved
30 to receive vision Iowa funds as of July 1, 2004.

31 **Sec. 10. NEW SECTION. 99F.7A Sports wagering — license —**
32 **terms and conditions — fees.**

33 1. The commission shall, upon payment of an initial license
34 fee of seventy-five thousand dollars and submission of an
35 application to the commission consistent with the requirements

1 of section 99F.6, issue a license to conduct sports wagering
2 to a licensee authorized to conduct gambling games at a
3 pari-mutuel racetrack enclosure or a licensee authorized to
4 operate an excursion gambling boat or gambling structure,
5 subject to the requirements of this chapter. The annual
6 renewal fee for a license to conduct or operate sports wagering
7 shall be five thousand dollars.

8 2. A licensee under this section shall do all of the
9 following:

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

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

28 3. A licensee under this section may enter into operating
29 agreements with one or two entities to have up to a total of
30 two individually branded internet sites to conduct advance
31 deposit sports wagering for the licensee, unless one additional
32 operating agreement or individually branded internet site is
33 authorized by the commission.

34 4. A licensee issued a license to conduct sports wagering
35 under this section shall employ reasonable steps to prohibit

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

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

12 **99F.8 Bond of licensee.**

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

28 Sec. 12. Section 99F.9, subsection 1, Code 2019, is amended
29 to read as follows:

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

33 Sec. 13. Section 99F.9, Code 2019, is amended by adding the
34 following new subsection:

35 NEW SUBSECTION. 3A. a. For the purposes of this section,

1 unless the context otherwise requires:

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

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

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

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

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

29 Sec. 14. Section 99F.9, subsection 4, Code 2019, is amended
30 to read as follows:

31 4. A person under the age of twenty-one years shall not make
32 or attempt to make a wager pursuant to subsection 3A or on an
33 excursion gambling boat, gambling structure, or in a racetrack
34 enclosure and shall not be allowed on the gaming floor of
35 an excursion gambling boat or gambling structure or in the

1 wagering area, as defined in [section 99D.2](#), or on the gaming
2 floor of a racetrack enclosure. However, a person eighteen
3 years of age or older may be employed to work on the gaming
4 floor of an excursion gambling boat or gambling structure or
5 in the wagering area or on the gaming floor of a racetrack
6 enclosure. A person who violates [this subsection](#) with respect
7 to making or attempting to make a wager commits a scheduled
8 violation under [section 805.8C, subsection 5](#), paragraph "a".

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

11 NEW SUBSECTION. 4. *a.* A tax is imposed on the sports
12 wagering net receipts received each fiscal year by a licensed
13 operator from sports wagering authorized under this chapter at
14 the rate of six and three-quarters percent.

15 *b.* The taxes imposed by this subsection for sports wagering
16 authorized under this chapter shall be paid by the licensed
17 operator to the treasurer of state as determined by the
18 commission and shall be distributed as follows:

19 (1) An amount equal to one-half of one percent of sports
20 wagering net receipts shall be deposited in the county
21 endowment fund created in section 15E.311.

22 (2) The remaining amount of sports wagering net receipts
23 taxes imposed pursuant to this subsection shall be credited as
24 provided in section 8.57, subsection 6.

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

27 2. *a.* The licensee shall furnish to the commission reports
28 and information as the commission may require with respect to
29 the licensee's activities.

30 *b.* A licensee under section 99F.7A shall promptly report
31 to the commission any criminal or disciplinary proceedings
32 commenced against the licensee or its employees in connection
33 with the licensee conducting sports wagering or advance
34 deposit sports wagering, any abnormal wagering activity or
35 patterns that may indicate a concern about the integrity of an

1 authorized sporting event or events, and any other conduct with
2 the potential to corrupt a wagering outcome of an authorized
3 sporting event for purposes of financial gain, including but
4 not limited to match fixing, and suspicious or illegal wagering
5 activities, including the use of funds derived from illegal
6 activity, wagers to conceal or launder funds derived from
7 illegal activity, use of agents to place wagers, or use of
8 false identification. The commission shall promptly report
9 any information received pursuant to this paragraph with any
10 law enforcement entity, sports team, sports governing body, or
11 regulatory agency the commission deems appropriate.

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

27 d. With the approval of the commission, a licensee under
28 section 99F.7A shall cooperate with investigations conducted
29 by sports governing bodies, including but not limited to
30 providing or facilitating the provision of account-level
31 betting information and audio or video files relating to
32 persons placing wagers.

33 Sec. 17. Section 99F.15, subsection 1, paragraph c, Code
34 2019, is amended to read as follows:

35 c. Acting, or employing a person to act, as a skill or

1 decoy to encourage participation in a gambling game or sports
2 wagering.

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

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

8 *h.* Claims, collects, or takes, or attempts to claim,
9 collect, or take, money or anything of value in or from the
10 gambling games or sports wagering, with intent to defraud,
11 without having made a wager contingent on winning a gambling
12 game or sports wager, or claims, collects, or takes an amount
13 of money or thing of value of greater value than the amount
14 won.

15 *i.* Knowingly entices or induces a person to go to any place
16 where a gambling game or sports wagering is being conducted or
17 operated in violation of the provisions of **this chapter** with
18 the intent that the other person plays or participates in that
19 gambling game or sports wagering.

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

22 1. A gaming regulatory revolving fund is created in
23 the state treasury under the control of the department of
24 inspections and appeals. The fund shall consist of fees
25 collected and deposited into the fund paid by licensees
26 pursuant to **section 99D.14, subsection 2**, paragraph "c", fees
27 paid by licensees pursuant to section 99E.5, subsection 4,
28 paragraph "c", regulatory fees paid by licensees pursuant
29 to section 99F.4, subsection 27, and fees paid by licensees
30 pursuant to **section 99F.10, subsection 4**, paragraph "c". All
31 costs relating to racetrack, excursion boat, ~~and~~ gambling
32 structure, internet fantasy sports contests as defined in
33 section 99E.1, and sports wagering regulation shall be paid
34 from the fund as provided in appropriations made for this
35 purpose by the general assembly. The department shall provide

1 quarterly reports to the department of management and the
2 legislative services agency specifying revenues billed and
3 collected and expenditures from the fund in a format as
4 determined by the department of management in consultation with
5 the legislative services agency.

6 Sec. 20. TEMPORARY LICENSE — ADVANCE DEPOSIT SPORTS
7 WAGERING OPERATOR. The racing and gaming commission shall,
8 upon submission of an application to the commission on a form
9 prescribed by the commission, issue a temporary license as an
10 advance deposit sports wagering operator to a person that the
11 commission has determined is authorized and in good standing
12 by another state, territory, or district of the United States
13 to operate sports wagering, has paid any required fees, and
14 is otherwise in compliance with this section. The temporary
15 license shall authorize the person to provide advance deposit
16 sports wagering for a licensee under section 99F.7A, as enacted
17 by this Act, as an advance deposit sports wagering operator
18 pursuant to an agreement with the licensee under section
19 99F.7A, as enacted by this Act. The temporary license shall
20 be valid until the earlier of the date the racing and gaming
21 commission grants or denies a license to the advance deposit
22 sports wagering operator or twelve months from the date the
23 racing and gaming commission issues the temporary license
24 pursuant to this section.

25 Sec. 21. EMERGENCY RULES. The state racing and gaming
26 commission created under section 99D.5 may adopt emergency
27 rules under section 17A.4, subsection 3, and section 17A.5,
28 subsection 2, paragraph "b", to implement the provisions of
29 this division of this Act and the rules shall be effective
30 immediately upon filing unless a later date is specified in the
31 rules but in no event earlier than July 4, 2019. Any rules
32 adopted in accordance with this section shall also be published
33 as a notice of intended action as provided in section 17A.4.

34 Sec. 22. IMPLEMENTATION. The racing and gaming commission
35 shall not implement this division of this Act until the later

1 of July 4, 2019, or the date the commission has adopted rules
2 pursuant to chapter 17A providing for such implementation and
3 such rules have become effective.

4 Sec. 23. EFFECTIVE DATE. This division of this Act, being
5 deemed of immediate importance, takes effect upon enactment.

6 DIVISION II

7 FANTASY SPORTS CONTESTS

8 Sec. 24. Section 80.25A, Code 2019, is amended to read as
9 follows:

10 **80.25A ~~Pari-mutuel and gambling game~~ Gaming operations**
11 **investigation and enforcement.**

12 The commissioner of public safety shall direct the chief
13 of the division of criminal investigation to establish a
14 subdivision to be the primary criminal investigative and
15 enforcement agency for the purpose of enforcement of chapters
16 99D, 99E, and 99F. The commissioner of public safety shall
17 appoint or assign other agents to the division as necessary to
18 enforce chapters 99D, 99E, and 99F. All enforcement officers,
19 assistants, and agents of the division are subject to section
20 80.15 except clerical workers.

21 Sec. 25. NEW SECTION. 99E.1 Definitions.

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

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

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

29 3. "*Fantasy sports contest*" includes any fantasy or
30 simulated game or contest in which the fantasy sports contest
31 operator is not a participant in the game or contest, the value
32 of all prizes and awards offered to winning participants are
33 established and made known to the participants in advance
34 of the contest, all winning outcomes reflect the relative
35 knowledge and skill of the participants and shall be determined

1 by accumulated statistical results of the performance of
2 individuals, including athletes in the case of sporting events,
3 and no winning outcome is solely based on the score, point
4 spread, or any performance or performances of any single actual
5 team or solely on any single performance of an individual
6 athlete or player in any single actual event.

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

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

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

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

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

33 Sec. 26. NEW SECTION. **99E.2 Internet fantasy sports**
34 **contests authorized.**

35 The system of entering an internet fantasy sports contest as

1 provided by this chapter is legal when conducted by a licensed
2 internet fantasy sports contest service provider as provided in
3 this chapter.

4 Sec. 27. NEW SECTION. 99E.3 Commission — powers.

5 1. The commission shall have full jurisdiction over and
6 shall supervise internet fantasy sports contests and internet
7 fantasy sports contest service providers as governed by this
8 chapter.

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

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

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

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

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

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

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

31 Sec. 28. NEW SECTION. 99E.4 Requirements of applicant —
32 fee.

33 1. An applicant for a license to conduct internet fantasy
34 sports contests shall complete and sign an application on
35 the form prescribed and published by the commission. The

1 application shall include such information of the applicant
2 that the commission deems necessary for purposes of issuing a
3 license pursuant to this chapter.

4 2. An applicant shall submit fingerprints and information
5 that the commission deems necessary to the commission in the
6 manner prescribed on the application forms. The fingerprints
7 may be submitted to the federal bureau of investigation by
8 the department of public safety through the state criminal
9 history repository for the purpose of a national criminal
10 history check. The results of a criminal history record check
11 conducted pursuant to this subsection shall be considered a
12 confidential record under chapter 22.

13 3. If the commission is not satisfied that it can determine
14 if an applicant meets the requirements necessary for issuing
15 a license pursuant to this chapter, the commission may
16 request the department of public safety, division of criminal
17 investigation, to investigate and obtain the information
18 necessary for the commission to make a determination on whether
19 to issue the applicant a license.

20 4. The commission shall charge the applicant a reasonable
21 fee set by the department of public safety, division of
22 criminal investigation, to defray those costs associated
23 with the fingerprint and national criminal history check
24 requirements of subsection 2 concerning the applicant. In
25 addition, if the commission requests that an additional
26 investigation be conducted by the division of criminal
27 investigation as provided in subsection 3, the commission shall
28 charge the applicant the reasonable costs of this additional
29 investigation. These fees and costs are in addition to any
30 other license fees and costs charged by the commission. The
31 fees and costs may be retained by the department of public
32 safety, division of criminal investigation, and shall be
33 considered repayment receipts as defined in section 8.2.

34 5. The commission shall not grant a license to an applicant
35 if there is substantial evidence that any of the following

1 apply:

2 *a.* A license issued to the applicant to conduct internet
3 fantasy sports contests in another jurisdiction has been
4 revoked, or a request for a license to conduct internet fantasy
5 sports contests in another jurisdiction has been denied, by
6 an entity licensing persons to conduct such contests in that
7 jurisdiction.

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

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

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

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

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

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

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

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

27 Sec. 29. NEW SECTION. **99E.5 Licenses — fees — terms and**
28 **conditions — revocation.**

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

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

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

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

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

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

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

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

32 g. Segregate internet fantasy sports contest player funds
33 from operational funds or maintain a reserve in the form of
34 cash, cash equivalents, an irrevocable letter of credit,
35 payment processor reserves and receivables, a bond, or a

1 combination thereof in the amount of the deposits in internet
2 fantasy sports contest player accounts for the benefit and
3 protection of internet fantasy sports contest player funds held
4 in internet fantasy sports contest accounts by the internet
5 fantasy sports contest service provider.

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

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

8 3. The annual license fee to conduct internet fantasy sports
9 contests shall be one thousand dollars or, for a licensed
10 internet fantasy sports contest service provider with total
11 annual internet fantasy sports contest adjusted revenues for
12 the year prior to the annual license fee renewal date of
13 one hundred fifty thousand dollars or greater, five thousand
14 dollars. Moneys collected by the commission from the annual
15 license fees paid under this section shall be deposited in the
16 state philanthropy, opportunity, reinvestment, and tourism fund
17 created in section 8.57.

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

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

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

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

33 **Sec. 30. NEW SECTION. 99E.6 Internet fantasy sports contest**
34 **tax — rate.**

35 1. A tax is imposed on internet fantasy sports contest

1 adjusted revenues received each fiscal year by an internet
2 fantasy sports contest service provider from internet fantasy
3 sports contests authorized under this chapter at the rate of
4 six and three-quarters percent.

5 2. The taxes imposed by this section for internet fantasy
6 sports contests authorized under this chapter shall be paid by
7 the internet fantasy sports contest service provider to the
8 treasurer of state as determined by the commission and shall be
9 distributed as follows:

10 a. An amount equal to one-half of one percent of internet
11 fantasy sports contest adjusted revenues shall be deposited in
12 the county endowment fund created in section 15E.311.

13 b. The remaining amount of internet fantasy sports contest
14 adjusted revenues taxes imposed pursuant to this section shall
15 be credited as provided in section 8.57, subsection 6.

16 Sec. 31. NEW SECTION. **99E.7 Internet fantasy sports**
17 **contests — age restrictions.**

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

23 Sec. 32. NEW SECTION. **99E.8 Licensees — records — reports**
24 **— confidentiality.**

25 1. An internet fantasy sports contest service provider
26 shall keep its books and records so as to clearly show the
27 internet fantasy sports contest adjusted revenues for each
28 internet fantasy sports contest subject to tax in this state.

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

32 b. A licensee shall promptly report to the commission any
33 criminal or disciplinary proceedings commenced against the
34 licensee or its employees in connection with the licensee
35 conducting an internet fantasy sports contest, any abnormal

1 contest activity or patterns that may indicate a concern about
2 the integrity of an internet fantasy sports contest, and any
3 other conduct with the potential to corrupt an outcome of an
4 internet fantasy sports contest for purposes of financial gain,
5 including but not limited to match fixing, and suspicious or
6 illegal internet fantasy sports contest activities, including
7 the use of funds derived from illegal activity, deposits of
8 money to enter an internet fantasy sports contest to conceal
9 or launder funds derived from illegal activity, use of agents
10 to enter an internet fantasy sports contest, or use of false
11 identification. The commission is authorized to share any
12 information received pursuant to this paragraph with the
13 division of criminal investigation, any other law enforcement
14 entity upon request, or any regulatory agency the commission
15 deems appropriate. The commission shall promptly report any
16 information received pursuant to this paragraph with any
17 sports team or sports governing body as the commission deems
18 appropriate, but shall not share any information that would
19 interfere with an ongoing criminal investigation.

20 3. Except as provided in subsection 4, the books and records
21 kept by a licensee as provided by this section are public
22 records and the examination, publication, and dissemination of
23 the books and records are governed by the provisions of chapter
24 22.

25 4. The records of the commission shall be governed by the
26 provisions of chapter 22, provided that, in addition to records
27 that may be kept confidential pursuant to section 22.7, the
28 following records provided by a licensee to the commission
29 shall be kept confidential, unless otherwise ordered by a
30 court, by the lawful custodian of the records, or by another
31 person duly authorized to release such information:

- 32 a. Patron and customer records.
- 33 b. Security reports and network audits.
- 34 c. Internal control and compliance records.
- 35 d. Employee records.

1 e. Marketing expenses.

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

6 g. Any information specifically requested for inspection by
7 the commission or a representative of the commission.

8 Sec. 33. NEW SECTION. **99E.9 Annual audit of licensee**
9 **operations.**

10 Within ninety days after the end of the licensee's fiscal
11 year, the licensee shall transmit to the commission an audit
12 of the licensee's total internet fantasy sports contest
13 operations, including an itemization of all expenses and
14 subsidies. Each audit shall be conducted by a certified public
15 accountant authorized to practice in the state of Iowa under
16 chapter 542 who is selected by the licensee and approved by the
17 commission.

18 Sec. 34. NEW SECTION. **99E.10 Civil penalty.**

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

26 Sec. 35. Section 99F.2, Code 2019, is amended to read as
27 follows:

28 **99F.2 Scope of provisions.**

29 This chapter does not apply to the pari-mutuel system of
30 wagering used or intended to be used in connection with the
31 horse-race or dog-race meetings as authorized under chapter
32 99D, internet fantasy sports contests authorized under chapter
33 99E, lottery or lotto games authorized under **chapter 99G**, or
34 bingo or games of skill or chance authorized under **chapter 99B**.

35 Sec. 36. Section 99F.4B, Code 2019, is amended to read as

1 follows:

2 **99F.4B Rules.**

3 The department of inspections and appeals shall cooperate
4 to the maximum extent possible with the division of criminal
5 investigation in adopting rules relating to the gaming
6 operations in this chapter and chapter chapters 99D and 99E.

7 Sec. 37. Section 232C.4, subsection 3, Code 2019, is amended
8 to read as follows:

9 3. An emancipated minor shall remain subject to voting
10 restrictions under chapter 48A, gambling restrictions under
11 chapter 99B, 99D, 99F, 99G, or 725, internet fantasy sports
12 contest restrictions under chapter 99E, alcohol restrictions
13 under chapter 123, compulsory attendance requirements under
14 chapter 299, and cigarette tobacco restrictions under chapter
15 453A.

16 Sec. 38. Section 714B.10, subsection 1, Code 2019, is
17 amended to read as follows:

18 1. Advertising by sponsors registered pursuant to chapter
19 557B, licensed pursuant to chapter 99B, or regulated pursuant
20 to chapter 99D, 99E, 99F, or 99G.

21 Sec. 39. Section 725.15, Code 2019, is amended to read as
22 follows:

23 **725.15 Exceptions for legal gambling.**

24 Sections 725.5 through 725.10 and 725.12 do not apply to
25 a game, activity, ticket, or device when lawfully possessed,
26 used, conducted, or participated in pursuant to chapter 99B,
27 99E, 99F, or 99G.

28 Sec. 40. Section 805.8C, Code 2019, is amended by adding the
29 following new subsection:

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

1 Sec. 41. EMERGENCY RULES. The state racing and gaming
2 commission created under section 99D.5 may adopt emergency
3 rules under section 17A.4, subsection 3, and section 17A.5,
4 subsection 2, paragraph "b", to implement the provisions of
5 this division of this Act and the rules shall be effective
6 immediately upon filing unless a later date is specified in the
7 rules but in no event earlier than July 4, 2019. Any rules
8 adopted in accordance with this section shall also be published
9 as a notice of intended action as provided in section 17A.4.

10 Sec. 42. IMPLEMENTATION. The racing and gaming commission
11 shall not implement this division of this Act until the later
12 of July 4, 2019, or the date the commission has adopted rules
13 pursuant to chapter 17A providing for such implementation and
14 such rules have become effective.

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

17 DIVISION III

18 GAMBLING REGULATION

19 Sec. 44. Section 8.57, Code 2019, is amended by adding the
20 following new subsection:

21 NEW SUBSECTION. 6. *a.* A state philanthropy, opportunity,
22 reinvestment, and tourism fund is created under the authority
23 of the department of management. The fund shall consist of
24 appropriations made to the fund and transfers of interest,
25 earnings, and moneys from other funds or sources as provided by
26 law. The state philanthropy, opportunity, reinvestment, and
27 tourism fund shall be separate from the general fund of the
28 state and the balance in the state philanthropy, opportunity,
29 reinvestment, and tourism fund shall not be considered part of
30 the balance of the general fund of the state. However, the
31 state philanthropy, opportunity, reinvestment, and tourism
32 fund shall be considered a special account for the purposes
33 of section 8.53, relating to generally accepted accounting
34 principles.

35 *b.* Moneys in the state philanthropy, opportunity,

1 reinvestment, and tourism fund are not subject to section
2 8.33. Notwithstanding section 12C.7, subsection 2, interest
3 or earnings on moneys in the state philanthropy, opportunity,
4 reinvestment, and tourism fund shall be credited to the fund.
5 Moneys in the state philanthropy, opportunity, reinvestment,
6 and tourism fund may be used for cash flow purposes during a
7 fiscal year provided that any moneys so allocated are returned
8 to the fund by the end of that fiscal year.

9 *c.* Moneys in the state philanthropy, opportunity,
10 reinvestment, and tourism fund in a fiscal year shall be used
11 as directed by the general assembly.

12 *d.* Annually, on or before January 15 of each year, a
13 state agency that received an appropriation from the state
14 philanthropy, opportunity, reinvestment, and tourism fund shall
15 report to the legislative services agency and the department of
16 management the status of all projects completed or in progress.
17 The report shall include a description of the project, the
18 progress of work completed, the total estimated cost of the
19 project, a list of all revenue sources being used to fund
20 the project, the amount of funds expended, the amount of
21 funds obligated, and the date the project was completed or an
22 estimated completion date of the project, where applicable.

23 *e.* Annually, on or before December 31 of each year, a
24 recipient of moneys from the state philanthropy, opportunity,
25 reinvestment, and tourism fund for any purpose shall report
26 to the state agency to which the moneys are appropriated the
27 status of all projects completed or in progress. The report
28 shall include a description of the project, the progress of
29 work completed, the total estimated cost of the project, a list
30 of all revenue sources being used to fund the project, the
31 amount of funds expended, the amount of funds obligated, and
32 the date the project was completed or an estimated completion
33 date of the project, where applicable.

34 Sec. 45. Section 99F.6, Code 2019, is amended by adding the
35 following new subsection:

1 the explanation's substance by the members of the general assembly.

2 This bill authorizes wagering on sporting events and fantasy
3 sports contests and amends provisions relating to gambling game
4 regulation.

5 SPORTS WAGERING. Division I of the bill authorizes wagering
6 on certain sporting events and provides for the licensing and
7 regulation of sports wagering.

8 Code section 99F.1, concerning definitions, is amended. The
9 bill defines "sports wagering" as acceptance of wagers on an
10 authorized sporting event by any system of wagering authorized
11 by the commission. "Sports wagering" is further defined to
12 exclude wagering on the performance of an athlete participating
13 in a collegiate sporting event that includes a collegiate team
14 from this state or in an individual olympic event in which any
15 athlete is under 18 years of age.

16 The bill defines "authorized sporting event" as a
17 professional sporting event, collegiate sporting event,
18 international sporting event or professional motor race
19 event. The bill specifically excludes from the definition of
20 "authorized sporting event" a race as defined in Code section
21 99D.2, a fantasy sports contest as defined in Code section
22 99E.1 as provided in the bill, a minor league sporting event,
23 or any athletic event or competition of an interscholastic
24 sport as defined in Code section 9A.102. The bill further
25 defines each sporting event included in the definition of
26 authorized sporting event and defines and excludes from the
27 definition of "professional sporting event", a minor league
28 sporting event. "Sports wagering net receipts" is defined
29 as gross receipts less winnings paid to wagerers on sports
30 wagering. "Sports wagering area" is defined as an area, as
31 designated by the commission, in which sports wagering is
32 conducted.

33 Code sections 99D.7(23) and 99F.4(22), concerning persons
34 voluntarily excluded from wagering or gaming areas, are amended
35 to include internet fantasy sports contests, advance deposit

1 wagering, advance deposit sports wagering, and the sports
2 wagering area.

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

5 Code section 99F.4, concerning racing and gaming commission
6 powers, is amended to authorize the operation of sports
7 wagering in a sports wagering area on an excursion gambling
8 boat which is also licensed to serve alcoholic beverages,
9 grants the racing and gaming commission the authority to adopt
10 standards under which sports wagering is conducted including
11 the scope and type of wagers allowed. The bill provides that
12 revenue received by the commission from license fees for
13 sports wagering shall be deposited in the state philanthropy,
14 opportunity, reinvestment, and tourism fund as created by the
15 bill and revenue received by the commission from regulatory
16 fees shall be deposited into the gaming regulatory revolving
17 fund established in Code section 99F.20.

18 Code sections 99F.5 and 99F.6, concerning distribution
19 of gambling game receipts for educational, civic, public,
20 charitable, patriotic, or religious uses, is amended to provide
21 that three-quarters of one percent of sports wagering net
22 receipts shall also be distributed for these purposes.

23 Code section 99F.6, concerning licensee applicants, is
24 further amended to provide that net receipts, for purposes of
25 determining purse agreements for horse racing, include sports
26 wagering net receipts.

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 of
31 an initial license fee of \$75,000, issue a license to conduct
32 sports wagering to a licensee authorized to conduct gambling
33 games at a pari-mutuel racetrack enclosure or a licensee
34 authorized to operate an excursion gambling boat or gambling
35 structure. The bill provides for an annual renewal fee of

1 \$5,000. The new Code section also provides that a licensee
2 shall include on the internet site or mobile application used
3 by the licensee to conduct advance deposit sports wagering the
4 statewide telephone number authorized by the Iowa department
5 of public health to provide problem gambling information and
6 extensive responsible gaming features. The bill provides that
7 a licensee establish, and display and post, sports wagering
8 rules specifying the amounts to be paid on winning wagers, the
9 effect of changes in the scheduling of an authorized sporting
10 event, and the source of information used to determine the
11 outcome of a wager. The bill also provides that a licensee
12 may enter into operating agreements with up to two entities to
13 conduct advance deposit sports wagering. The new Code section
14 also provides that a licensee issued a license to conduct
15 sports wagering shall employ reasonable steps to prohibit
16 coaches, athletic trainers, officials, players, participants,
17 or other persons employed in a position with direct involvement
18 with such individuals from sports wagering under Code chapter
19 99F.

20 Code section 99F.8, concerning licensee bonding
21 requirements, is amended to make such requirements applicable
22 to sports wagering.

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

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

15 Code section 99F.11, concerning the wagering tax, is
16 amended. The bill provides that sports wagering net receipts
17 received each fiscal year by a licensed operator from sports
18 betting shall be taxed at the rate of six and three-quarters
19 percent. The taxes imposed shall be paid by the licensed
20 operator to the treasurer of state as determined by the
21 commission. The bill provides that of the taxes collected,
22 an amount equal to one-half of one percent of sports wagering
23 net receipts shall be deposited in the county endowment
24 fund created in Code section 15E.311 with the remainder of
25 taxes collected to be credited to the state philanthropy,
26 opportunity, reinvestment, and tourism fund as created by the
27 bill.

28 Code section 99F.12, concerning certain required reports
29 and records of licensees, is amended to provide that a sports
30 wagering licensee shall promptly report to the commission any
31 criminal or disciplinary proceedings commenced against the
32 licensee, any abnormal sports wagering activity, and any other
33 conduct with the potential to corrupt a wagering outcome of an
34 authorized sporting event. The bill requires the commission
35 to promptly report any information received with any law

1 enforcement entity, sports team, sports governing body, or
2 regulatory agency the commission deems appropriate. The bill
3 also provides that, with the approval of the racing and gaming
4 commission, a sports wagering licensee shall cooperate with
5 investigations conducted by a sports governing body.

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

13 Code section 99F.20, concerning the gaming regulatory
14 revolving fund, is amended to provide that regulatory fees
15 by an internet fantasy sports contest service provider and
16 by a licensee authorized to conduct sports wagering shall be
17 deposited in the fund. The Code section is further amended to
18 provide that costs relating to internet fantasy sports contest
19 and sports wagering regulation shall be paid from the gambling
20 regulatory revolving fund as provided in appropriations made
21 for this purpose by the general assembly.

22 The bill also authorizes the racing and gaming commission to
23 issue a temporary license to an advance deposit sports wagering
24 operator.

25 This division of the bill takes effect upon enactment.
26 However, the bill authorizes the racing and gaming commission
27 to adopt emergency rules to implement the bill and provides
28 that the racing and gaming commission shall not implement this
29 division of the bill until the later of July 4, 2019, or the
30 date the commission has adopted rules pursuant to Code chapter
31 17A providing for such implementation and such rules have
32 become effective.

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

1 contests.

2 Code section 80.25, concerning gaming investigation and
3 enforcement by the division of criminal investigation of
4 the department of public safety, is amended to provide for
5 investigation and enforcement concerning the new Code chapter.

6 New Code section 99E.1 provides for definitions. A "fantasy
7 sports contest" is defined as any fantasy or simulated game
8 or contest in which all prizes and awards offered to winning
9 participants are established and made known in advance of the
10 contest, all winning outcomes reflect the relative knowledge
11 and skill of the participants and are determined predominantly
12 by accumulated statistical results of the performance of
13 individuals, and no winning outcome is solely based on the
14 score, or performance of any single actual team or combination
15 of such teams or solely on any single performance of an
16 individual athlete in any single actual sporting or other
17 event. An "internet fantasy sports contest" is defined as a
18 method of entering a fantasy sports contest by establishing
19 an account with an internet fantasy sports contest service
20 provider. An "internet fantasy sports contest player" is
21 defined as a person who is at least 21 years of age who
22 participates in an internet fantasy sports contest. The
23 bill also defines "internet fantasy sports contest adjusted
24 revenues", "internet fantasy sports contest service provider",
25 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 initial license fee of \$5,000 and an annual license fee of
20 \$1,000 or \$5,000 for licensees with annual internet fantasy
21 sports contest adjusted revenues of \$150,000 or more. The bill
22 provides that the license fees shall be deposited in the state
23 philanthropy, opportunity, reinvestment, and tourism fund as
24 created by the bill. The Code section also provides for the
25 payment of a regulatory fee to be set by the racing and gaming
26 commission based on the costs of administering and enforcing
27 the new Code chapter. The Code section further provides that
28 each licensee shall receive a credit for the amount of the
29 regulatory fee paid against taxes to be paid pursuant to the
30 new Code chapter. The Code section provides that a licensed
31 internet fantasy sports contest service provider shall use
32 commercially reasonable methods to prevent any employees and
33 certain family members from participating in internet fantasy
34 sports contests on the service provider's digital platform,
35 verify that internet fantasy sports contest players located

1 in this state are 21 or older, ensure that participants in
2 a game or contest shall not be allowed to enter an internet
3 fantasy sports contest involving that game or contest, permit
4 individuals to establish an account with an internet fantasy
5 sports contest service provider by electronic communication and
6 to restrict themselves from entering an internet fantasy sports
7 contest, conduct an annual audit, and pay the tax imposed by
8 the new Code chapter.

9 New Code section 99E.6 provides for a tax of six and
10 three-quarters percent on internet fantasy sports contest
11 adjusted revenues. The bill defines "internet fantasy sports
12 contest adjusted revenues" as the total of fees and charges
13 collected, less winnings, in an internet fantasy sports contest
14 multiplied by the percentage of fees and charges paid by
15 participants who are located in this state in that contest.
16 The taxes imposed shall be paid by the internet fantasy
17 sports contest service provider to the treasurer of state as
18 determined by the commission. The bill provides that of the
19 taxes collected, an amount equal to one-half of one percent
20 of internet fantasy sports contest adjusted revenues shall be
21 deposited in the county endowment fund created in Code section
22 15E.311 with the remainder of taxes collected to be credited to
23 the state philanthropy, opportunity, reinvestment, and tourism
24 fund as created by the bill.

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

31 New Code section 99E.8 requires an internet fantasy sports
32 contest service provider to keep books and records on internet
33 fantasy sports contest adjusted revenues and to provide the
34 commission with reports and information as the commission may
35 require. The bill provides that a licensee promptly report

1 to the commission any criminal or disciplinary proceedings
2 commenced against the licensee, any abnormal fantasy sports
3 contest activity, and any other conduct with the potential
4 to corrupt an outcome of an internet fantasy sports contest.
5 The bill authorizes the commission to share any information
6 received with the division of criminal investigation, any other
7 law enforcement entity, or regulatory agency the commission
8 deems appropriate. The commission shall promptly report
9 information with a sports team or sports governing body as the
10 commission deems appropriate if it will not interfere with an
11 ongoing criminal investigation.

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

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

21 The bill also makes changes to Code sections 99F.2, 99F.4B,
22 232C.4, 714B.10, and 725.15 to provide that provisions in those
23 Code sections that list some or all Code chapters that govern
24 lawful gambling also lists the new Code chapter provided in
25 this division of the bill.

26 This division of the bill takes effect upon enactment.
27 However, the bill authorizes the racing and gaming commission
28 to adopt emergency rules to implement the bill and provides
29 that the racing and gaming commission shall not implement this
30 division of the bill until the later of July 4, 2019, or the
31 date the commission has adopted rules pursuant to Code chapter
32 17A providing for such implementation and such rules have
33 become effective.

34 GAMBLING REGULATION. Code section 8.57 is amended to create
35 a state philanthropy, opportunity, reinvestment, and tourism

1 fund under the control of the department of management. Moneys
2 in the fund shall be used as directed by the general assembly.
3 This provision of this division of the bill takes effect upon
4 enactment.

5 Code section 99F.6 is amended to provide that a qualified
6 sponsoring organization licensed to operate gambling games
7 shall include, as ex officio, nonvoting members of the board,
8 a member of the county board of supervisors and a member of
9 a city council for each county and city that has a licensed
10 gambling games facility operated by the qualified sponsoring
11 organization.

12 Code section 99F.17A, concerning gambling games or
13 implements of gambling, is amended to provide that if a
14 licensee offers gambling games containing a wheel and ball, or
15 virtual simulation, at least one of these games shall provide
16 for a house edge under 3 percent for a single number wager.