

Senate Study Bill 1081 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
STATE GOVERNMENT BILL BY
CHAIRPERSON SMITH)

A BILL FOR

1 An Act relating to wagering, by providing for fantasy sports
2 contests and sports wagering, providing for taxes and fees,
3 making penalties applicable, and including effective date
4 provisions.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

SPORTS WAGERING

Section 1. NEW SECTION. 99C.1 Definitions.

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

1. "*Applicant*" means a person applying for a license as an interactive sports wagering platform.

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

3. "*Division*" means the division of criminal investigation of the department of public safety as provided in section 80.17.

4. "*Gaming licensee*" means any person licensed under section 99F.4A or 99F.7 to conduct gambling games under chapter 99F.

5. "*Interactive sports wagering platform*" means a person licensed by the commission to conduct sports wagering pursuant to this chapter via a telephone-type device or any other electronic means to include an interactive internet site.

6. "*Official league data*" means statistics, results, outcomes, and other data relating to a sporting event obtained pursuant to an agreement with the relevant sports governing body, or an entity expressly authorized by the sports governing body to provide such information to sports wagering operators, which authorizes the use of such data for determining the outcome of tier two sports wagers.

7. "*Registered sports governing body*" means a sports governing body that is headquartered in the United States and has registered with the commission pursuant to this chapter.

8. "*Sporting event*" includes portions of a sporting event or sporting events, and any individual performance statistics of athletes in a sporting event or combination of sporting events.

9. "*Sports governing body*" means the organization that prescribes final rules and enforces codes of conduct with respect to a sporting event and participants therein.

10. "*Sports wagering*" means accepting wagers on a sporting

1 event, by any system or method of wagering, including but not
2 limited to in-person, over the internet through websites,
3 and on mobile devices. *"Sports wagering"* includes but is not
4 limited to single-game bets, teaser bets, parlays, over-under,
5 moneyline, pools, exchange wagering, in-game wagering, in-play
6 bets, proposition bets, and straight bets. *"Sports wagering"*
7 does not include entering a fantasy sports contest as defined
8 in section 99E.1.

9 11. *"Sports wagering operator"* means an interactive sports
10 wagering platform who has entered into an agreement with a
11 gaming licensee to conduct sports wagering on behalf of the
12 gaming licensee or a gaming licensee that conducts sports
13 wagering as provided by this chapter.

14 12. *"Tier one sports wager"* means a sports wager that is
15 determined solely by the final score or final outcome of the
16 sporting event and is placed before the sporting event has
17 begun.

18 13. *"Tier two sports wager"* means a sports wager that is not
19 a tier one sports wager.

20 14. *"Wager"* or *"bet"* means the staking or risking by a
21 person of something of value upon an agreement or understanding
22 that the person or another person will receive something of
23 value in the event of a certain outcome. *"Wager"* or *"bet"* does
24 not include any activity governed by the securities laws of
25 the United States or this state, any contract of indemnity or
26 guarantee, any contract for insurance, or participation in
27 any game or contest in which the participants do not stake
28 or risk anything of value other than personal efforts of the
29 participants in playing the game or contest or obtaining access
30 to the internet, or points or credits that the sponsor of the
31 game or contest provides to participants free of charge and
32 that can be used or redeemed only for participation in games or
33 contests offered by the sponsor.

34 **Sec. 2. NEW SECTION. 99C.2 Sports wagering authorized.**

35 The system of sports wagering as provided by this chapter is

1 legal, when conducted by a sports wagering operator as provided
2 in this chapter.

3 Sec. 3. NEW SECTION. 99C.3 Commission — powers.

4 1. The commission shall have full jurisdiction over and
5 shall supervise sports wagering and sports wagering operators
6 as governed by this chapter.

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

10 a. To review and investigate applicants and determine the
11 eligibility of applicants for a license as an interactive
12 sports wagering platform, pursuant to rules adopted by the
13 commission.

14 b. To license interactive sports wagering platforms and to
15 regulate sports wagering operators subject to the requirements
16 of this chapter.

17 c. To provide for the prevention of practices detrimental
18 to the public and to provide for the best interests of sports
19 wagering.

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

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

29 f. To establish procedures for allowing a sports governing
30 body, upon notification of the commission, to restrict,
31 limit, or exclude wagers on sporting events, or portions of
32 sporting events, regulated by the sports governing body from
33 sports wagering as provided by this chapter and to, without
34 limitation, restrict the sources of data and associated video
35 upon which a sports wagering operator may rely in offering

1 and paying wagers and the bet types that may be offered on a
2 sporting event regulated by the sports governing body. The
3 procedures will provide that the commission shall only deny
4 a request made by a sports governing body pursuant to this
5 paragraph if the commission deems such request arbitrary
6 and capricious and shall provide a sports governing body
7 with an opportunity for a hearing under chapter 17A if a
8 request is denied. The procedures shall also provide that the
9 administrator of the commission may temporarily grant a request
10 by a sports governing body pending a final decision on whether
11 to grant the request.

12 *g.* To provide for a sports governing body to register with
13 the commission if the sports governing body is headquartered
14 in the United States upon completion of such registration form
15 as the commission may require.

16 *h.* To provide that advertisements for sports wagering by
17 a sports wagering operator does not target minors or other
18 persons who are ineligible to place wagers, problem gamblers,
19 or other vulnerable persons, which may include limitations
20 on the form, content, quantity, timing, and location of
21 advertisements; discloses the identity of the sports wagering
22 operator; provides information about or links to resources
23 relating to gambling addiction; and are not false, misleading,
24 or deceptive to a reasonable consumer.

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

27 **Sec. 4. NEW SECTION. 99C.4 Authority to conduct sports**
28 **wagering — licenses — fees.**

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

35 *b.* If the commission is satisfied that the requirements

1 of this chapter and its rules adopted under this chapter
2 applicable to licensees have been or will be complied with,
3 the commission may issue a license to an applicant as an
4 interactive sports wagering platform to conduct sports wagering
5 in this state. A licensed interactive sports wagering platform
6 may enter into agreements to offer sports wagering on behalf of
7 one or more gaming licensees without limitation. However, a
8 gaming licensee authorized to conduct sports wagering pursuant
9 to this section may enter into agreements with no more than two
10 licensed interactive sports wagering platforms to offer sports
11 wagering on behalf of the gaming licensee. The interactive
12 sports wagering platform shall pay an initial license fee of
13 ten thousand dollars and shall pay an annual renewal fee of
14 five thousand dollars. Moneys collected by the commission from
15 the license fees paid under this section shall be considered
16 repayment receipts as defined in section 8.2.

17 2. The commission shall grant a gaming licensee, upon
18 written request and agreement to conduct sports wagering in
19 accordance with the requirements of this chapter, the authority
20 to conduct sports wagering as a sports wagering operator under
21 this chapter.

22 **Sec. 5. NEW SECTION. 99C.5 Sports wagering operators —**
23 **terms and conditions.**

24 1. A sports wagering operator shall use commercially
25 reasonable methods to comply with all of the following
26 requirements:

27 a. Prevent employees of the sports wagering operator and
28 relatives living in the same household of such employees from
29 sports wagering.

30 b. Verify that a person placing a wager on a sporting event
31 with a sports wagering operator is twenty-one years of age or
32 older.

33 c. Ensure that coaches, officials, players, contestants,
34 or other individuals who participate in a sporting event
35 sanctioned by a sports governing body that is the subject of

1 sports wagering are restricted from placing a wager on any
2 sporting event sanctioned by that sports governing body.

3 *d.* Restrict, limit, or exclude wagering on a sporting event
4 regulated by a sports governing body, to include restricting
5 sources of data and associated video upon which a sports
6 wagering operator may rely in offering and paying wagers,
7 pursuant to procedures established by the commission pursuant
8 to section 99C.3.

9 *e.* Allow individuals to restrict themselves from placing
10 a wager on a sporting event with a sports wagering operator
11 conducted by the sports wagering operator upon request and take
12 reasonable steps to prevent those individuals from placing
13 a wager on a sporting event with a sports wagering operator
14 conducted by the sports wagering operator.

15 *f.* Allow individuals to establish an account with an
16 interactive sports wagering platform by utilizing electronic
17 communication.

18 *g.* Conduct background checks on newly hired employees, and
19 annual background checks on all existing employees utilized
20 to conduct sports wagering. Background checks shall search
21 for criminal history, and any charges or convictions involving
22 corruption or manipulation of sporting events and association
23 with organized crime.

24 *h.* Prohibit any individual with access to nonpublic
25 confidential information held by the sports wagering operator
26 from placing wagers with the sports wagering operator, prohibit
27 persons from placing wagers as agents or proxies for others;
28 and maintain the security of wagering data, customer data, and
29 other confidential information from unauthorized access and
30 dissemination; provided, however, that nothing in this chapter
31 shall preclude the use of internet or cloud-based hosting of
32 such data and information or disclosure as required by court
33 order, other law, or this chapter.

34 *i.* Report to the commission and a sports governing body any
35 information relating to criminal or disciplinary proceedings

1 commenced against the sports wagering operator in connection
2 with its operations, abnormal betting activity or patterns
3 that may indicate a concern with the integrity of a sporting
4 event, any potential breach of the relevant sports governing
5 body's internal rules and codes of conduct pertaining to sports
6 wagering, any other conduct that corrupts a betting outcome
7 of a sporting event or events for purposes of financial gain
8 to include match fixing, and suspicious or illegal wagering
9 activities, including use of funds derived from illegal
10 activity, wagers to conceal or launder funds derived from
11 illegal activity, using agents to place wagers, and using false
12 identification.

13 *j.* Maintain the confidentiality of information provided by
14 a sports governing body to the sports wagering operator, unless
15 disclosure is required by the commission, by law, or court
16 order.

17 *k.* Except as provided in section 99C.6, sports wagering
18 operators may use any data source to determine the results of
19 wagers on a sporting event, provided the data is not obtained
20 directly or indirectly from live sporting event attendees who
21 collect the data in violation of the terms of admittance to
22 a sporting event or through automated computer programs that
23 compile data from the internet in violation of the terms of
24 service of the relevant website or other internet platform.

25 *l.* Pay the sports wagering royalty fee as provided in
26 section 99C.6.

27 *2.* A sports wagering operator shall be authorized to
28 enter into an agreement with a sports governing body to share
29 revenues derived from sports wagering on sporting events
30 conducted by a sports governing body.

31 **Sec. 6. NEW SECTION. 99C.6 Sports wagering requirements —**
32 **royalty fee.**

33 *1.* A sports governing body may notify the commission, in
34 a form and manner as the commission may require, that the
35 sports governing body desires to supply official league data

1 to sports wagering operators for determining the results of
2 tier two sports wagers. On or after thirty days following such
3 notification by a sports governing body to the commission,
4 sports wagering operators shall use only official league data
5 to determine the results of tier two sports wagers, unless the
6 sports wagering operator can demonstrate to the commission that
7 the sports governing body or its designee cannot provide a feed
8 of official league data to the sports wagering operator on
9 commercially reasonable terms.

10 2. *a.* Within thirty days of the end of each calendar
11 quarter, a sports wagering operator shall remit to the
12 commission a royalty fee of one-quarter of one percent of the
13 amounts wagered on sporting events conducted by registered
14 sports governing bodies.

15 *b.* The royalty fee shall be remitted on a form as the
16 commission may require, on which the sports wagering operator
17 shall identify the percentage of wagering during the reporting
18 period attributable to each registered sports governing body's
19 sporting events.

20 *c.* No later than the thirtieth of April of each year, a
21 registered sports governing body may submit a request for
22 disbursement of funds remitted by sports wagering operators
23 in the previous calendar year. The commission shall disburse
24 the funds to the registered sports governing body in pro rata
25 proportion of the total amount wagered on its sporting events.
26 A registered sports governing body is not required to obtain
27 a license from the commission in order to lawfully accept the
28 funds provided for in this subsection.

29 *d.* The commission shall annually publish a report stating
30 the amount received from sports wagering operators in royalty
31 fees and the amount paid to registered sports governing bodies.

32 *e.* Any unclaimed royalty fees shall be distributed to the
33 sports wagering operators that timely remitted the royalty fees
34 required under this subsection to the commission. Such royalty
35 fees shall be distributed to the eligible sports wagering

1 operators on a pro rata basis.

2 *f.* The commission shall cooperate with a registered sports
3 governing body and sports wagering operators to ensure the
4 timely, efficient, and accurate sharing of information and
5 the remittance of the royalty fee to the registered sports
6 governing body or its designee.

7 **Sec. 7. NEW SECTION. 99C.7 Records — confidentiality.**

8 1. Sports wagering operators shall maintain records of
9 all bets and wagers placed, including personally identifiable
10 information of the bettor, amount and type of bet, time the bet
11 was placed, location of the bet, including internet protocol
12 address if applicable, the outcome of the bet, records of
13 abnormal betting activity, and video camera recordings in
14 the case of in-person wagers for at least three years after
15 the sporting event occurs and make such data available for
16 inspection upon request of the commission or as required by
17 court order. In addition, if a sports governing body has
18 notified the commission that real-time information sharing
19 for wagers placed on its sporting events is necessary and
20 desirable, the commission shall require sports wagering
21 operators to share in real time the information required to be
22 retained pursuant to this subsection, other than video camera
23 recordings, with the sports governing body or its designee with
24 respect to wagers on its sporting events.

25 2. Records provided to the commission pursuant to this
26 chapter shall be governed by the provisions of chapter
27 22, provided that, in addition to records that may be kept
28 confidential pursuant to section 22.7, the following records
29 provided by a sports wagering operator to the commission shall
30 be kept confidential, except as otherwise provided in this
31 section, unless otherwise ordered by a court, by the lawful
32 custodian of the records, or by another person duly authorized
33 to release such information:

34 *a.* Patron and customer records.

35 *b.* Surveillance records.

- 1 *c.* Security reports and network audits.
- 2 *d.* Internal control and compliance records.
- 3 *e.* Employee records.
- 4 *f.* Marketing expenses.
- 5 *g.* Any information specifically requested for inspection by
- 6 the commission or a representative of the commission.

7 3. Information provided by a sports governing body to a
8 sports wagering operator shall be kept confidential unless
9 otherwise ordered by a court or disclosure is otherwise
10 required by law or the commission.

11 Sec. 8. NEW SECTION. **99C.8 Investigations.**

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

23 2. The commission and sports wagering operators shall
24 cooperate with investigations conducted by sports governing
25 bodies or the division, including but not limited to providing
26 or facilitating the provision of account-level betting
27 information and audio or video files relating to persons
28 placing wagers.

29 Sec. 9. NEW SECTION. **99C.9 Penalties — liability.**

30 1. A person who willfully fails to comply with the
31 requirements of this chapter and the rules adopted pursuant
32 to chapter 17A under this chapter shall be liable for a
33 civil penalty of not more than one thousand dollars for each
34 violation, not to exceed ten thousand dollars for violations
35 arising out of the same transaction or occurrence, which shall

1 accrue to the state and may be recovered in a civil action
2 brought by the commission.

3 2. A person is guilty of a class "C" felony for any of the
4 following:

5 a. Placing, or causing to be placed, a bet or wager on the
6 basis of material nonpublic information relating to that bet
7 or wager. For purposes of this paragraph, a bet or wager is
8 "on the basis of material nonpublic information relating to
9 that bet or wager" if the person placing the bet or wager, or
10 causing it to be placed, was aware of the material nonpublic
11 information when such person placed the bet or wager or caused
12 it to be placed.

13 b. Knowingly engaging in, facilitating, or concealing
14 conduct that intends to improperly influence a betting
15 outcome of a sporting event for purposes of financial gain, in
16 connection with betting or wagering on a sporting event.

17 3. A person who violates subsection 2, paragraph "b", shall
18 be liable to the relevant sports governing body, which sports
19 governing body may sue either at law or in equity in any court
20 of competent jurisdiction.

21 Sec. 10. Section 99G.3, subsection 7, Code 2019, is amended
22 to read as follows:

23 7. "Lottery", "lotteries", "lottery game", "lottery games",
24 or "lottery products" means any game of chance approved by
25 the board and operated pursuant to [this chapter](#) and games
26 using mechanical or electronic devices, provided that the
27 authority shall not authorize a monitor vending machine or
28 a player-activated gaming machine that utilizes an internal
29 randomizer to determine winning and nonwinning plays and that
30 upon random internal selection of a winning play dispenses
31 coins, currency, or a ticket, credit, or token to the player
32 that is redeemable for cash or a prize, and excluding gambling
33 or gaming conducted pursuant to [chapter 99B](#), [99C](#), [99D](#), or [99F](#).

34 Sec. 11. Section 123.49, subsection 2, paragraph a, Code
35 2019, is amended to read as follows:

1 a. Knowingly permit any gambling, except in accordance
2 with [chapter 99B](#), [99C](#), [99D](#), [99F](#), or [99G](#), or knowingly permit
3 solicitation for immoral purposes, or immoral or disorderly
4 conduct on the premises covered by the license or permit.

5 Sec. 12. 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](#), [99C](#), [99D](#), [99F](#), [99G](#), or [725](#), alcohol restrictions
10 under [chapter 123](#), compulsory attendance requirements under
11 [chapter 299](#), and cigarette tobacco restrictions under [chapter](#)
12 [453A](#).

13 Sec. 13. Section 537A.4, subsection 2, Code 2019, is amended
14 to read as follows:

15 2. [This section](#) does not apply to a contract for the
16 operation of or for the sale or rental of equipment for games
17 of skill or games of chance, if both the contract and the games
18 are in compliance with [chapter 99B](#). [This section does not](#)
19 [apply to wagering authorized by chapter 99C](#). [This section](#) does
20 not apply to wagering under the pari-mutuel method of wagering
21 authorized by [chapter 99D](#). [This section](#) does not apply to the
22 sale, purchase, or redemption of a ticket or share in the state
23 lottery in compliance with [chapter 99G](#). [This section](#) does not
24 apply to wagering authorized by [chapter 99F](#). [This section](#) does
25 not apply to the sale, purchase, or redemption of any ticket
26 or similar gambling device legally purchased in Indian lands
27 within this state.

28 Sec. 14. Section 714B.10, subsection 1, Code 2019, is
29 amended to read as follows:

30 1. Advertising by sponsors registered pursuant to [chapter](#)
31 [557B](#), licensed pursuant to [chapter 99B](#), or regulated pursuant
32 to [chapter 99C](#), [99D](#), [99F](#), or [99G](#).

33 Sec. 15. Section 725.13, Code 2019, is amended to read as
34 follows:

35 **725.13 Definition of bookmaking.**

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

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

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

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

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

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

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

1 sports contest service provider.

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

6 8. *"Location percentage"* means, for each internet fantasy
7 sports contest, the percentage, rounded to the nearest tenth of
8 a percent, equal to the total charges and fees collected from
9 all internet fantasy sports contest players located in this
10 state divided by the total charges and fees collected from all
11 participants in the internet fantasy sports contest.

12 Sec. 20. NEW SECTION. **99E.2 Internet fantasy sports**
13 **contests authorized.**

14 The system of entering an internet fantasy sports contest as
15 provided by this chapter is legal when conducted by a licensed
16 internet fantasy sports contest service provider as provided in
17 this chapter.

18 Sec. 21. NEW SECTION. **99E.3 Commission — powers.**

19 1. The commission shall have full jurisdiction over and
20 shall supervise internet fantasy sports contests and internet
21 fantasy sports contest service providers as governed by this
22 chapter.

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

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

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

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

35 *d.* To investigate alleged violations of this chapter

1 or the commission rules, orders, or final decisions and to
2 take appropriate disciplinary action against a licensee, or
3 institute appropriate legal action for enforcement, or both.
4 Information gathered during an investigation is confidential
5 during the pendency of the investigation.

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

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

10 Sec. 22. NEW SECTION. **99E.4 Requirements of applicant —**
11 **fee.**

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

18 2. An applicant shall submit fingerprints and information
19 that the commission deems necessary to the commission in the
20 manner prescribed on the application forms. The fingerprints
21 may be submitted to the federal bureau of investigation by
22 the department of public safety through the state criminal
23 history repository for the purpose of a national criminal
24 history check. The results of a criminal history record check
25 conducted pursuant to this subsection shall be considered a
26 confidential record under chapter 22.

27 3. If the commission is not satisfied that it can determine
28 if an applicant meets the requirements necessary for issuing
29 a license pursuant to this chapter, the commission may
30 request the department of public safety, division of criminal
31 investigation, to investigate and obtain the information
32 necessary for the commission to make a determination on whether
33 to issue the applicant a license.

34 4. The commission shall charge the applicant a reasonable
35 fee set by the department of public safety, division of

1 criminal investigation, to defray those costs associated
2 with the fingerprint and national criminal history check
3 requirements of subsection 2 concerning the applicant. In
4 addition, if the commission requests that an additional
5 investigation be conducted by the division of criminal
6 investigation as provided in subsection 3, the commission shall
7 charge the applicant the reasonable costs of this additional
8 investigation. These fees and costs are in addition to any
9 other license fees and costs charged by the commission. The
10 fees and costs may be retained by the department of public
11 safety, division of criminal investigation, and shall be
12 considered repayment receipts as defined in section 8.2.

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

16 a. A license issued to the applicant to conduct internet
17 fantasy sports contests in another jurisdiction has been
18 revoked by an entity licensing persons to conduct such contests
19 in that jurisdiction.

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

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

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

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

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

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

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

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

4 Sec. 23. NEW SECTION. 99E.5 Licenses — fees — terms and
5 conditions — revocation.

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

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

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

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

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

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

35 e. Allow individuals to establish an account with an

1 internet fantasy sports contest service provider by utilizing
2 electronic communication.

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

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

17 *h.* Annually contract with a third party to perform an
18 independent examination, consistent with the attestation
19 standards established by the American institute of certified
20 public accountants, to ensure compliance with all of the
21 requirements in this chapter and submit the results of the
22 independent audit to the commission. The audit shall be
23 submitted to the commission by July 1 of the year following the
24 year subject to the audit.

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

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

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

35 *b.* A licensed internet fantasy sports contest service

1 provider shall receive a credit for the amount of the
2 regulatory fee paid by the provider against the taxes to be
3 paid pursuant to section 99E.6.

4 *c.* Moneys collected by the commission from the regulatory
5 fees paid under this subsection shall be considered repayment
6 receipts as defined in section 8.2.

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

10 **Sec. 24. NEW SECTION. 99E.6 Internet fantasy sports contest**
11 **tax — rate — allocations.**

12 1. A tax of seven and one-half percent is imposed on
13 internet fantasy sports contest adjusted revenues. The tax
14 imposed by this section shall be paid by the internet fantasy
15 sports contest service provider to the commission as provided
16 by the commission.

17 2. Of the revenues collected pursuant to this section, an
18 amount equal to one-half of one percent of internet fantasy
19 sports contest adjusted revenues is transferred to a special
20 revenue account in the general fund of the state to be used,
21 subject to an appropriation by the general assembly, by the
22 department of public health for purposes of the gambling
23 treatment program established pursuant to section 135.150. The
24 remaining amount of the revenues collected pursuant to this
25 section shall be deposited in the rebuild Iowa infrastructure
26 fund created in section 8.57.

27 **Sec. 25. NEW SECTION. 99E.7 Internet fantasy sports**
28 **contests — age restrictions.**

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

34 **Sec. 26. NEW SECTION. 99E.8 Division of criminal**
35 **investigation.**

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

14 Sec. 27. NEW SECTION. **99E.9 Civil penalty.**

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

23 Sec. 28. Section 232C.4, subsection 3, Code 2019, is amended
24 to read as follows:

25 3. An emancipated minor shall remain subject to voting
26 restrictions under [chapter 48A](#), gambling restrictions under
27 [chapter 99B](#), [99D](#), [99F](#), [99G](#), or [725](#), internet fantasy sports
28 contest restrictions under chapter 99E, alcohol restrictions
29 under [chapter 123](#), compulsory attendance requirements under
30 [chapter 299](#), and cigarette tobacco restrictions under chapter
31 453A.

32 Sec. 29. Section 714B.10, subsection 1, Code 2019, is
33 amended to read as follows:

34 1. Advertising by sponsors registered pursuant to chapter
35 557B, licensed pursuant to [chapter 99B](#), or regulated pursuant

1 to [chapter 99D](#), [99E](#), [99F](#), or [99G](#).

2 Sec. 30. Section 725.15, Code 2019, is amended to read as
3 follows:

4 **725.15 Exceptions for legal gambling.**

5 Sections 725.5 through 725.10 and [725.12](#) do not apply to
6 a game, activity, ticket, or device when lawfully possessed,
7 used, conducted, or participated in pursuant to [chapter 99B](#),
8 [99E](#), [99F](#), or [99G](#).

9 Sec. 31. Section 805.8C, Code 2019, is amended by adding the
10 following new subsection:

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

17 Sec. 32. TRANSITIONAL LICENSE. Notwithstanding any
18 provisions of chapter 99E as enacted by this Act to the
19 contrary, a person granted a license or registration by two or
20 more states to conduct internet fantasy sports contests may
21 apply for and shall be granted a transitional license by the
22 racing and gaming commission to conduct internet fantasy sports
23 contests in this state subject to the requirements of chapter
24 99E, as enacted by this Act. The transitional license shall
25 be valid until the earlier of the date the racing and gaming
26 commission grants or denies a license under section 99E.5 to
27 the person to conduct internet fantasy sports contests, or
28 twelve months from the date the racing and gaming commission
29 accepts applications for issuance of a license to conduct
30 internet fantasy sports contests under section 99E.5.

31 Sec. 33. EFFECTIVE DATE. This division of this Act, being
32 deemed of immediate importance, takes effect upon enactment.

33

EXPLANATION

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

1 This bill authorizes wagering on sporting events and fantasy
2 sports contests.

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

6 New Code section 99C.1 provides for definitions. "Sporting
7 event" is defined to include portions of a sporting event and
8 individual performance statistics of athletes in a sporting
9 event or combination of sporting events. "Interactive sports
10 wagering platform" is defined to mean a person licensed to
11 conduct sports wagering via any electronic means to include
12 an internet site. "Official league data" is defined to mean
13 any data related to a sporting event obtained and authorized
14 for use through the relevant sports governing body of that
15 sporting event. "Sports governing body" is defined to mean
16 the organization that prescribes final rules and codes of
17 conduct with respect to a sporting event and "registered sports
18 governing body" is defined to mean a sports governing body that
19 is headquartered in the United States and has registered with
20 the racing and gaming commission. "Sports wagering operator"
21 is defined to mean an interactive sports wagering platform that
22 has entered into an agreement with a gaming licensee to conduct
23 sports wagering and a gaming licensee that conducts sports
24 wagering pursuant to the requirements of the new Code chapter.
25 "Gaming licensee" is defined as a person licensed to conduct
26 gambling games under Code chapter 99F. "Sports wagering" is
27 defined to exclude entering a fantasy sports contest as defined
28 in new Code section 99E.1. "Tier one sports wager" means a
29 sports wager that is solely determined by the final score or
30 outcome of a sporting event that is placed before the sporting
31 event begins and "tier two sports wager" means a sports wager
32 that is not a tier one sports wager.

33 New Code section 99C.2 provides that the system of sports
34 wagering is legal when conducted by a sports wagering operator
35 as provided in the new Code chapter.

1 New Code section 99C.3 establishes the powers of the
2 racing and gaming commission to license and regulate sports
3 wagering. The Code section authorizes the commission to
4 investigate applicants for a license as an interactive
5 sports wagering platform, assess fines and revoke or suspend
6 licenses, impose penalties for violations of the new Code
7 chapter, regulate advertisements for sports wagering and sports
8 wagering operators, and to take any other action to enforce
9 the requirements of the new Code chapter. The Code section
10 also authorizes the commission to establish procedures for
11 sports governing bodies to register with the commission and
12 to restrict, limit, or exclude wagers on certain sporting
13 events and to restrict sources of data that may be utilized for
14 purposes of sports wagering.

15 New Code section 99C.4 establishes requirements for an
16 applicant receiving a license as an interactive sports wagering
17 platform and for authorizing a gaming licensee to conduct
18 sports wagering. The Code section sets the initial fee for a
19 license as an interactive sports wagering platform at \$10,000
20 with an annual renewal fee of \$5,000.

21 New Code section 99C.5 establishes terms and conditions for
22 sports wagering operators. The Code section provides that a
23 sports wagering operator shall use commercially reasonable
24 methods to prevent any employees and certain family members
25 from participating in sports wagering, verify that a person
26 placing a wager on a sporting event is age 21 or older, ensure
27 that participants in a sporting event sanctioned by a sports
28 governing body shall not be allowed to place a wager on any
29 sporting event sanctioned by that sports governing body,
30 permit individuals to establish an account with an interactive
31 sports wagering platform by utilizing electronic communication
32 and to restrict themselves from wagering on a sporting event
33 with a sports wagering operator, conduct background checks on
34 employees involved in sports wagering, prevent individuals
35 with nonpublic confidential information from placing wagers,

1 report criminal and disciplinary proceedings and abnormal
2 betting activity to the racing and gaming commission and the
3 relevant sports governing body, maintain the confidentiality
4 of information provided by a sports governing body to the
5 sports wagering operator, and pay the royalty fee imposed by
6 the new Code chapter. In addition, the Code section authorizes
7 a sports wagering operator to share revenue with a sports
8 governing body.

9 New Code section 99C.6 establishes sports wagering
10 requirements and a royalty fee. The Code section provides that
11 30 days after notification by a sports governing body, a sports
12 wagering operator shall use only official league data for tier
13 two sports wagers unless the sports governing body is unable to
14 provide the data on commercially reasonable terms. The Code
15 section also requires sports wagering operators to remit to the
16 racing and gaming commission a royalty fee of one-quarter of
17 one percent of amounts wagered on sporting events conducted by
18 registered sports governing bodies. The Code section provides
19 the mechanism for distributing royalty fee funds remitted to
20 the commission to registered sports governing bodies.

21 New Code section 99C.7 concerns records and confidentiality.
22 The Code section requires sports wagering operators to maintain
23 records of all bets and wagers and to provide information on
24 bets and wagers on sporting events sanctioned by a sports
25 governing body to the sports governing body upon notice to
26 the racing and gaming commission. The Code section provides
27 that certain records provided by a sports wagering operator to
28 the racing and gaming commission shall be kept confidential
29 by the commission, except as otherwise provided by the Code
30 section, unless otherwise ordered by a court, by the lawful
31 custodian of the records, or by another person duly authorized
32 to release such information. The bill lists the records to be
33 kept confidential as promotional play receipts records, patron
34 and customer records, surveillance records, security reports
35 and network audits, internal control records, employee records,

1 marketing expenses, and any information specifically requested
2 for inspection by the commission.

3 New Code section 99C.8 authorizes the division of criminal
4 investigation of the department of public safety to investigate
5 compliance by sports wagering operators with the requirements
6 of the new Code chapter.

7 New Code section 99C.9 establishes civil and criminal
8 penalties for certain violations. The Code section provides
9 that a person who willfully fails to comply with the
10 requirements of this new Code chapter shall be liable for a
11 civil penalty of not more than \$1,000 for each violation,
12 not to exceed \$10,000 for violations arising out of the same
13 transaction or occurrence. The bill also establishes that a
14 person is guilty of a class "C" felony for placing a bet or
15 wager on the basis of material nonpublic information relating
16 to the bet or wager or knowingly engaging in or concealing
17 conduct intended to improperly influence a betting outcome.
18 A class "C" felony is punishable by confinement for no more
19 than 10 years and a fine of at least \$1,000 but not more than
20 \$10,000.

21 The bill also makes changes to Code sections 99G.3, 123.49,
22 232C.4, 537A.4, 714B.10, 725.13, and 725.15 to provide that
23 provisions in those Code sections that list some or all Code
24 chapters that govern lawful gambling also lists the new Code
25 chapter provided in the bill.

26 The bill provides for the issuance of a transitional license
27 by the racing and gaming commission to a person to conduct
28 sports wagering as an interactive sports wagering platform
29 in this state if the person has been granted a license or
30 registration by two or more other states to conduct sports
31 wagering. The bill provides that the transitional license
32 shall be valid until the earlier of the date the commission
33 grants or denies a license to the person or 12 months from
34 the date the commission accepts applications for issuance of
35 a license.

1 The bill provides that this division takes effect upon
2 enactment.

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 a
18 period of not more than three years and provides that the
19 annual license fee shall be \$500. The Code section also
20 provides for the payment of a regulatory fee to be set
21 by the racing and gaming commission based on the costs of
22 administering and enforcing the new Code chapter. The Code
23 section further provides that each licensee shall receive
24 a credit for the amount of the regulatory fee paid against
25 taxes to be paid pursuant to the new Code chapter. The Code
26 section provides that a licensed internet fantasy sports
27 contest service provider shall use commercially reasonable
28 methods to prevent any employees and certain family members
29 from participating in internet fantasy sports contests on the
30 service provider's digital platform, verify that internet
31 fantasy sports contest players located in this state are 21
32 or older, ensure that participants in a game or contest shall
33 not be allowed to enter an internet fantasy sports contest
34 involving that game or contest, permit individuals to establish
35 an account with an internet fantasy sports contest service

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

5 New Code section 99E.6 provides for a tax of 7.5 percent
6 to be imposed on internet fantasy sports contest adjusted
7 revenues. The bill defines, in new Code section 99E.1,
8 "internet fantasy sports contest adjusted revenues" as the
9 total of fees and charges collected, less winnings, in an
10 internet fantasy sports contest multiplied by the percentage
11 of fees and charges paid by participants who are located in
12 this state in that contest. The bill provides that of the
13 revenues collected, an amount equal to .5 percent of internet
14 fantasy sports contest adjusted revenues is transferred to a
15 special revenue account in the general fund to be used, subject
16 to an appropriation, by the department of public health for
17 gambling treatment with the remainder of revenues collected to
18 be deposited in the rebuild Iowa infrastructure fund.

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

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

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

35 The bill also makes changes to Code sections 232C.4,

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1 714B.10, and 725.15 to provide that provisions in those Code
2 sections that list some or all Code chapters that govern lawful
3 gambling also lists the new Code chapter provided in this
4 division of the bill.

5 This division of the bill takes effect upon enactment.