

House Study Bill 578 - Introduced

HOUSE FILE _____

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

A BILL FOR

1 An Act relating to gambling regulation and wagering, concerning
2 cashless wagering, forfeiture and withholding of certain
3 gaming winnings, sports wagering, and providing penalties.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

CASHLESS WAGERING

Section 1. Section 99D.9, subsection 6, paragraph b, Code 2022, is amended to read as follows:

b. A licensee shall not permit a financial institution, vendor, or other person to dispense cash or credit through an electronic or mechanical device including but not limited to a satellite terminal as defined in [section 527.2](#), that is located in the wagering area. However, this paragraph shall not apply to cashless wagering systems where a person accesses a cash account through a personal electronic device.

Sec. 2. Section 99F.7, subsection 10, paragraph b, Code 2022, is amended to read as follows:

b. A licensee shall not permit a financial institution, vendor, or other person to dispense cash or credit through an electronic or mechanical device including but not limited to a satellite terminal, as defined in [section 527.2](#), that is located on the gaming floor. However, this paragraph shall not apply to cashless wagering systems where a person accesses a cash account through a personal electronic device.

DIVISION II

GAMING WINNINGS FORFEITURE AND WITHHOLDING

Sec. 3. Section 99D.7, subsection 23, Code 2022, 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](#), and from the wagering area of a racetrack enclosure, from the gaming floor, and from the 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

1 request following any five-year period shall be for a period of
2 five years or life. The process established shall require that
3 licensees be provided electronic access to names and social
4 security numbers of persons voluntarily excluded through a
5 secured interactive internet site maintained by the commission
6 and information regarding persons voluntarily excluded shall
7 be disseminated to all licensees under ~~this chapter~~, chapter
8 99E, and ~~chapter 99F~~. The names, social security numbers, and
9 information regarding persons voluntarily excluded shall be
10 kept confidential unless otherwise ordered by a court or by
11 another person duly authorized to release such information.
12 The process established shall also require a person requesting
13 to be voluntarily excluded be provided information compiled
14 by the Iowa department of public health on gambling treatment
15 options. ~~The state and any licensee under this chapter,~~
16 ~~chapter 99E, or chapter 99F shall not be liable to any person~~
17 ~~for any claim which may arise from this process.~~ In addition
18 to any other penalty provided by law, any money or thing of
19 value that has been obtained by, or is owed to, a voluntarily
20 excluded person as a result of wagers made by the person after
21 the person has been voluntarily excluded shall be forfeited by
22 the person and shall be credited to the general fund of the
23 state. The state and any licensee under this chapter, chapter
24 99E, or chapter 99F shall not be liable to any person for any
25 claim, action, or inaction which may arise from processes
26 described in this subsection, and any licensee under this
27 chapter, chapter 99E, or chapter 99F shall not be responsible
28 for payment to the state of any money or thing of value paid to
29 a voluntarily excluded person.

30 Sec. 4. Section 99D.24, Code 2022, is amended by adding the
31 following new subsection:

32 NEW SUBSECTION. 2A. A person who has been voluntarily
33 excluded pursuant to section 99D.7, subsection 23, who refuses
34 to forfeit money or a thing of value obtained as a result of
35 wagers made by the person after the person has been voluntarily

1 excluded is guilty of a simple misdemeanor and shall pay
2 restitution to the state in an amount equivalent to the money
3 or thing of value obtained.

4 Sec. 5. Section 99D.28, subsections 2 and 7, Code 2022, are
5 amended to read as follows:

6 2. The licensee is authorized and directed to withhold
7 any winnings of a debtor which are paid out directly by the
8 licensee subject to the lien created by [this section](#) and
9 provide notice of such withholding to the winner when the
10 winner appears and claims winnings in person. The licensee may
11 retain an amount equal to the lesser of five percent of the
12 amount withheld or one hundred dollars, and then shall pay the
13 remaining funds over to the collection entity which administers
14 the setoff program pursuant to [section 8A.504](#).

15 7. A claimant agency or licensee, ~~acting in good faith,~~
16 under this chapter or chapter 99F shall not be liable to any
17 person for actions taken pursuant to any claim, action, or
18 inaction which may arise from processes described in this
19 section. In addition, any licensee under this chapter or
20 chapter 99F shall not be responsible for payment to a claimant
21 agency of any money or thing of value that has been paid to a
22 debtor. The debtor shall be solely responsible for all debts
23 owed and not collected under this section.

24 Sec. 6. Section 99F.4, subsection 22, Code 2022, is amended
25 to read as follows:

26 22. To establish a process to allow a person to be
27 voluntarily excluded from advance deposit wagering as defined
28 in [section 99D.11](#), from an internet fantasy sports contest
29 as defined in [section 99E.1](#), from advance deposit sports
30 wagering as defined in [section 99F.9](#), from the gaming floor
31 and sports wagering area of an excursion gambling boat, from
32 the wagering area, as defined in [section 99D.2](#), and from the
33 gaming floor and sports wagering area of all other licensed
34 facilities under [this chapter](#) and [chapter 99D](#) as provided in
35 this subsection. The process shall provide that an initial

1 request by a person to be voluntarily excluded shall be for
2 a period of five years or life and any subsequent request
3 following any five-year period shall be for a period of five
4 years or life. The process established shall require that
5 licensees be provided electronic access to names and social
6 security numbers of persons voluntarily excluded through a
7 secured interactive internet site maintained by the commission
8 and information regarding persons voluntarily excluded shall
9 be disseminated to all licensees under [this chapter](#), chapter
10 99D, and [chapter 99E](#). The names, social security numbers, and
11 information regarding persons voluntarily excluded shall be
12 kept confidential unless otherwise ordered by a court or by
13 another person duly authorized to release such information.
14 The process established shall also require a person requesting
15 to be voluntarily excluded be provided information compiled
16 by the Iowa department of public health on gambling treatment
17 options. ~~The state and any licensee under [this chapter](#),~~
18 ~~[chapter 99D](#), or [chapter 99E](#) shall not be liable to any person~~
19 ~~for any claim which may arise from this process.~~ In addition
20 to any other penalty provided by law, any money or thing of
21 value that has been obtained by, or is owed to, a voluntarily
22 excluded person as a result of wagers made by the person after
23 the person has been voluntarily excluded shall be forfeited by
24 the person and shall be credited to the general fund of the
25 state. The state and any licensee under this chapter, chapter
26 99D, or chapter 99E shall not be liable to any person for any
27 claim, action, or inaction which may arise from processes
28 described in this subsection, and any licensee under this
29 chapter, chapter 99D, or chapter 99E shall not be responsible
30 for payment to the state of any money or thing of value paid to
31 a voluntarily excluded person.

32 Sec. 7. Section 99F.15, Code 2022, is amended by adding the
33 following new subsection:

34 NEW SUBSECTION. 2A. A person who has been voluntarily
35 excluded pursuant to section 99F.4, subsection 22, who refuses

1 to forfeit money or a thing of value obtained as a result of
2 wagers made by the person after the person has been voluntarily
3 excluded is guilty of a simple misdemeanor and shall pay
4 restitution to the state in an amount equivalent to the money
5 or thing of value obtained.

6 Sec. 8. Section 99F.19, subsections 2 and 7, Code 2022, are
7 amended to read as follows:

8 2. The licensee is authorized and directed to withhold
9 any winnings of a debtor which are paid out directly by the
10 licensee subject to the lien created by [this section](#) and
11 provide notice of such withholding to the winner when the
12 winner appears and claims winnings in person. The licensee may
13 retain an amount equal to the lesser of five percent of the
14 amount withheld or one hundred dollars, and then shall pay the
15 remaining funds over to the collection entity which administers
16 the setoff program pursuant to [section 8A.504](#).

17 7. A claimant agency or licensee, ~~acting in good faith,~~
18 under this chapter or chapter 99D shall not be liable to any
19 person for ~~actions taken pursuant to any claim, action, or~~
20 inaction which may arise from processes described in this
21 section. In addition, any licensee under this chapter or
22 chapter 99D shall not be responsible for payment to a claimant
23 agency of any money or thing of value that has been paid to a
24 debtor. The debtor shall be solely responsible for all debts
25 owed and not collected under this section.

26 DIVISION III

27 SPORTS WAGERING

28 Sec. 9. Section 99F.1, subsection 3, Code 2022, is amended
29 to read as follows:

30 3. "*Authorized sporting event*" means a professional sporting
31 event, collegiate sporting event, international sporting
32 event, electronic sports event, or professional motor race
33 event. "*Authorized sporting event*" does not include a race as
34 defined in [section 99D.2](#), a fantasy sports contest as defined
35 in [section 99E.1](#), minor league sporting event, or any athletic

1 event or competition of an interscholastic sport as defined in
2 section 9A.102.

3 Sec. 10. Section 99F.1, Code 2022, is amended by adding the
4 following new subsection:

5 NEW SUBSECTION. 10A. "*Electronic sports event*" means
6 a multiplayer video game event governed by a recognized
7 professional, international, or collegiate video game governing
8 body.

9 Sec. 11. Section 99F.1, subsection 24, Code 2022, is amended
10 to read as follows:

11 24. "*Professional sporting event*" means an event,
12 excluding a minor league sporting event, at which two or
13 more persons participate in sports or athletic events and
14 receive compensation in excess of actual expenses for their
15 participation in such event, unless the event includes
16 professional athletes participating in a sports or athletic
17 event without compensation in excess of actual expenses for a
18 charitable purpose.

19 Sec. 12. Section 99F.1, Code 2022, is amended by adding the
20 following new subsection:

21 NEW SUBSECTION. 27A. "*Sports-related event*" means an
22 event that takes place in relation to an authorized sporting
23 event, but that is not tied to the outcome of a specific
24 athletic event or contest as authorized by the commission.
25 "*Sports-related event*" includes but is not limited to
26 professional sports drafts and individual player awards.

27 Sec. 13. Section 99F.1, subsection 28, Code 2022, is amended
28 to read as follows:

29 28. "*Sports wagering*" means the acceptance of wagers on
30 an authorized sporting event or sports-related event by any
31 system of wagering as authorized by the commission. "*Sports*
32 *wagering*" does not include placing a wager on the performance
33 or nonperformance of any individual athlete participating in a
34 single game or match of a collegiate sporting event in which
35 a collegiate team from this state is a participant, placing

1 a wager on any individual performance or nonperformance of a
2 participant in an electronic sports event who is under eighteen
3 years of age, or placing a wager on the performance of athletes
4 in an individual international sporting event governed by the
5 international olympic committee in which any participant in the
6 international sporting event is under eighteen years of age.

7 Sec. 14. Section 99F.7A, subsection 2, paragraph b, Code
8 2022, is amended to read as follows:

9 b. Establish, subject to commission approval, sports
10 wagering rules that specify the amounts to be paid on winning
11 sports wagers, the effect of changes in the scheduling of an
12 authorized sporting event or sports-related event subject to
13 sports wagering, and the source of the information used to
14 determine the outcome of a sports wager. The sports wagering
15 rules shall be displayed in the licensee's sports wagering
16 area, posted on the internet site or mobile application used
17 by the licensee to conduct advance deposit sports wagering as
18 authorized in [section 99F.9](#), and included in the terms and
19 conditions of the licensee's advance deposit sports wagering
20 system.

21 Sec. 15. Section 99F.7A, subsection 4, Code 2022, is amended
22 to read as follows:

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

35 Sec. 16. Section 99F.12, subsection 2, paragraph b, Code

1 2022, is amended to read as follows:

2 **b.** A licensee under [section 99F.7A](#) shall promptly report
3 to the commission any criminal or disciplinary proceedings
4 commenced against the licensee or its employees in connection
5 with the licensee conducting sports wagering or advance
6 deposit sports wagering, any abnormal wagering activity or
7 patterns that may indicate a concern about the integrity of
8 an authorized sporting event or ~~events~~ sports-related event,
9 and any other conduct with the potential to corrupt a wagering
10 outcome of an authorized sporting event or sports-related
11 event for purposes of financial gain, including but not
12 limited to match fixing, and suspicious or illegal wagering
13 activities, including the use of funds derived from illegal
14 activity, wagers to conceal or launder funds derived from
15 illegal activity, use of agents to place wagers, or use of
16 false identification. The commission is required to share
17 any information received pursuant to this paragraph with the
18 division of criminal investigation, any other law enforcement
19 entity upon request, or any regulatory agency the commission
20 deems appropriate. The commission shall promptly report any
21 information received pursuant to this paragraph with any
22 sports team or sports governing body as the commission deems
23 appropriate, but shall not share any information that would
24 interfere with an ongoing criminal investigation.

25

EXPLANATION

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

28 This bill concerns gambling regulation and wagering.

29 Division I of the bill concerns cashless wagering and allows
30 a person to access a cash account through a personal electronic
31 device for purposes of cashless wagering on the wagering area
32 of a licensee under Code chapter 99D or gaming floor of a
33 licensee under Code chapter 99F.

34 Division II of the bill relates to the forfeiture and
35 withholding of certain gaming winnings.

1 The division prevents the state and entities licensed by the
2 state racing and gaming commission from being held liable for
3 any claim, action, or inaction which may arise from processes
4 related to a person voluntarily excluded from pari-mutuel
5 wagering, advance deposit wagering, internet fantasy sports
6 contests, advance deposit sports wagering, gaming floors and
7 sports wagering areas of an excursion gambling boat, wagering
8 areas, and gaming floors and sports wagering areas.

9 The division releases entities licensed by the state racing
10 and gaming commission from any responsibility to pay the state
11 any money or thing of value that was paid to a voluntarily
12 excluded person.

13 The division makes it a simple misdemeanor for a voluntarily
14 excluded person to refuse to forfeit money or a thing of value
15 obtained as a result of wagers made by the person after the
16 person has been voluntarily excluded, and directs that a court
17 of jurisdiction shall order the voluntarily excluded person
18 to pay an amount equivalent to the obtained money or thing of
19 value to the state general fund.

20 The division allows entities licensed by the state racing
21 and gaming commission to retain an amount equal to the lesser
22 of 5 percent or \$100 of winnings withheld from a collection
23 entity debtor. A "collection entity" means the department
24 of administrative services and any other public agency that
25 maintains a separate accounting system and elects to establish
26 a debt collection setoff procedure for the collection of debts
27 owed to the public agency.

28 In addition, the division provides that the state and
29 entities licensed by the state racing and gaming commission
30 shall not be held liable for any claim, action, or inaction
31 which may arise from processes related to setoffs and releases
32 entities licensed by the state racing and gaming commission
33 from any responsibility to pay an entity seeking collection of
34 a debt through a setoff any money or thing of value that was
35 paid to a debtor. The division provides that the debtor is

1 solely responsible for all debts owed and not collected under
2 setoff procedures.

3 Division III of the bill relates to the inclusion of wagering
4 on electronic sports events and other sports-related events
5 within the provisions governing sports wagering.

6 The division adds "electronic sports events" as a type
7 of authorized sporting event, and defines "electronic sports
8 event" to mean a multiplayer video game event governed by a
9 recognized professional, international, or collegiate video
10 game governing body.

11 The division also provides that a professional sporting
12 event includes a charitable event with professional athletes.

13 The division defines "sports-related event" as an event that
14 takes place in relation to an authorized sporting event, but
15 that is not tied to the outcome of a specific athletic event
16 or contest as authorized by the commission. "Sports-related
17 events" include but are not limited to professional sports
18 drafts and individual player awards.

19 The division adds wagers on sports-related events as a
20 form of sports wagering, and prohibits placing a wager on any
21 individual performance or nonperformance of a participant in an
22 electronic sports event who is under 18 years of age.

23 The division makes conforming changes to Code sections
24 99F.7A and 99F.12.