

**Senate File 2470 - Reprinted**

SENATE FILE 2470  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 2085)

(As Amended and Passed by the Senate March 31, 2026)

**A BILL FOR**

1 An Act relating to event-driven contracts traded on dedicated  
2 contract markets by requiring a permit to conduct business  
3 in the state, imposing a tax on adjusted revenues or amounts  
4 traded, making adjustments to individual and corporate income  
5 taxes, providing for fees, and including contingent effective  
6 date, applicability, and retroactive applicability provisions.  
7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

DESIGNATED CONTRACT MARKET TAX

Section 1. NEW SECTION. **99H.1 Definitions.**

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

1. "Adjusted revenues" means for each event-driven contract the amount equal to the total charges and fees collected from all traders participating in the event-driven contract less payouts made to traders participating in the event-driven contract, multiplied by the location percentage.
2. "Department" means the department of revenue.
3. "Designated contract market" means a digital marketplace for trading event-driven contracts that is also regulated by the federal commodity futures trading commission.
4. "Director" means the director of revenue.
5. "Economic indicators" means a statistic or data point about an economic activity that allows an analyst to assess current economic performance.
6. "Event-driven contract" means a financial derivative traded on a designated contract market that provides a fixed binary payout based upon the occurrence or nonoccurrence of a specific future event that is contingent upon and determined solely by the definitive outcome of a verifiable specific event or external measure rather than being based upon the continuous fluctuation of a security price, commodity value, or interest rate that may or may not correlate with traditional market prices or broad economic measures. An "event-driven contract" is limited to those financial derivatives that provide a fixed binary payout related to sporting activities, lotteries, elections, legislative actions, and economic indicators.
7. "Location percentage" means for each event-driven contract, the percentage rounded to the nearest one ten-thousandth of a percent, equal to the total charges and fees collected from all traders located in this state divided by the total charges and fees collected from all traders in the

1 event-driven contract.

2 8. "*Sporting activities*" means the outcome of a sporting  
3 event, outcomes within the event, or outcomes surrounding the  
4 event.

5 9. "*Trader*" means any person buying or selling event-driven  
6 contracts on a designated contract marketplace.

7 Sec. 2. NEW SECTION. **99H.2 Administration — rules.**

8 1. The department shall administer this chapter. The  
9 department shall collect, supervise, and enforce the collection  
10 of all fees and taxes imposed under this chapter.

11 2. The director may adopt rules pursuant to chapter 17A that  
12 are necessary to enforce this chapter.

13 3. The director may designate employees to administer and  
14 enforce the provisions of this chapter, including the collection  
15 of all taxes provided for in this chapter. In the enforcement,  
16 the director may request aid from the attorney general, the  
17 special agents of the state, any county attorney, or any peace  
18 officer. The director may appoint clerks and additional help as  
19 may be needed to administer this chapter.

20 Sec. 3. NEW SECTION. **99H.3 Scope of provisions.**

21 This chapter does not apply to the pari-mutuel system of  
22 wagering used or intended to be used in connection with the  
23 horse-race or dog-race meetings as authorized under chapter  
24 99D, fantasy sports contests as authorized under chapter 99E,  
25 sports wagering authorized under chapter 99F, or other financial  
26 derivatives that are not event-driven contracts.

27 Sec. 4. NEW SECTION. **99H.4 Application — permit —  
28 registration.**

29 1. A person shall not engage in the business of serving as a  
30 designated contract market at any place of business in this state  
31 or through delivery sales, unless the person obtains a permit  
32 through the department.

33 2. An application for a permit under this chapter shall  
34 be made to the department in an electronic format or made  
35 in any other manner prescribed by the department accompanied

1 by any associated fees required for the permit and any other  
2 supporting documentation required. The application shall include  
3 information that is reasonably necessary to identify the person  
4 applying for the permit and to administer and collect the taxes  
5 imposed under this chapter.

6 3. a. A person issued a permit shall pay an initial permit  
7 fee of twenty million dollars.

8 b. All permits expire June 30 each year. The annual renewal  
9 permit fee shall be one hundred thousand dollars.

10 Sec. 5. NEW SECTION. **99H.5 Designated contract market**  
11 **tax.**

12 A tax is imposed on the adjusted revenues received each  
13 calendar year by a designated contract market from the  
14 event-driven contracts authorized under this chapter at the rate  
15 of twenty percent. The taxes imposed for event-driven contracts  
16 under this chapter shall be paid by the designated contract  
17 market to the treasurer of state as determined by the department.

18 Sec. 6. NEW SECTION. **99H.6 Revenues.**

19 All revenues generated under this chapter shall be deposited  
20 into the general fund of the state.

21 Sec. 7. NEW SECTION. **99H.7 Withholding.**

22 All payouts made to traders participating in an event-driven  
23 contract are Iowa earned income and are subject to state and  
24 federal income tax laws. An amount deducted from revenues for  
25 payment of the state tax, pursuant to section 422.16, subsection  
26 2, shall be remitted to the department of revenue on behalf of  
27 the trader by the designated contract market.

28 Sec. 8. NEW SECTION. **99H.8 Applicability.**

29 This chapter applies to a designated contract market  
30 permitting persons in this state to trade event-driven contracts  
31 until such time a court of competent jurisdiction, after  
32 all appeals have been exhausted, determines that event-driven  
33 contracts are subject to regulation under chapter 99F.

34 Sec. 9. Section 422.7, Code 2026, is amended by adding the  
35 following new subsection:

1 NEW SUBSECTION. 41. a. For purposes of this subsection,  
2 "event-driven contract" means the same as defined in section  
3 99H.1.

4 b. Section 1256 of the Internal Revenue Code, with respect  
5 to event-driven contracts, does not apply in computing net income  
6 for state tax purposes. If the taxpayer's federal taxable income  
7 for the tax year was increased or decreased by reason of the  
8 application of section 1256 of the Internal Revenue Code with  
9 regard to event-driven contracts, the taxpayer shall recompute  
10 net income for state tax purposes as follows:

11 (1) Subtract net gain or add net loss from event-driven  
12 contracts, including any loss carried back from a previous tax  
13 year.

14 (2) Add gain from each event-driven contract.

15 (3) If the taxpayer itemized deductions, subtract the total  
16 loss from each event-driven contract for the same tax year up  
17 to an amount equal to ninety percent of the gain added in  
18 subparagraph (2).

19 c. The director shall prescribe rules to carry out the  
20 provisions of this subsection, including the creation of forms  
21 for a taxpayer to use to report gain and loss for event-driven  
22 contracts.

23 Sec. 10. Section 422.16, subsection 2, Code 2026, is amended  
24 by adding the following new paragraph:

25 NEW PARAGRAPH. 0e. (1) For purposes of this subsection,  
26 state income tax shall be withheld on gains in excess of six  
27 hundred dollars derived from an event-driven contract that is  
28 subject to federal taxation under section 1256 of the Internal  
29 Revenue Code.

30 (2) For purposes of this paragraph, "event-driven contract"  
31 means the same as defined in section 99H.1.

32 Sec. 11. Section 422.35, Code 2026, is amended by adding the  
33 following new subsection:

34 NEW SUBSECTION. 15. a. For purposes of this subsection,  
35 "event-driven contract" means the same as defined in section

1 99H.1.

2 b. Section 1256 of the Internal Revenue Code, with respect  
3 to event-driven contracts, does not apply in computing net income  
4 for state tax purposes. If the taxpayer's federal taxable income  
5 for the tax year was increased or decreased by reason of the  
6 application of section 1256 of the Internal Revenue Code with  
7 regard to event-driven contracts, the taxpayer shall recompute  
8 net income for state tax purposes as follows:

9 (1) Subtract net gain or add net loss from event-driven  
10 contracts, including any loss carried back from a previous tax  
11 year.

12 (2) Add gain from each event-driven contract.

13 (3) If the taxpayer itemized deductions, subtract the total  
14 loss from each event-driven contract for the same tax year up  
15 to an amount equal to ninety percent of the gain added in  
16 subparagraph (2).

17 c. The director shall prescribe rules to carry out the  
18 provisions of this subsection, including the creation of forms  
19 for a taxpayer to use to report gain and loss for event-driven  
20 contracts.

21 Sec. 12. RETROACTIVE APPLICABILITY. The following apply  
22 retroactively to January 1, 2026, for tax years beginning on or  
23 after that date:

24 1. The section of this division of this Act enacting section  
25 422.7, subsection 41.

26 2. The section of this division of this Act enacting section  
27 422.35, subsection 15.

28 Sec. 13. APPLICABILITY. For purposes of the imposition and  
29 collection of the designated contract market tax in new Code  
30 chapter 99H, if enacted by this Act, the first tax year shall  
31 begin July 1, 2026, and end December 31, 2026, and afterwards  
32 each tax year shall begin January 1.

33 DIVISION II

34 EVENT-DRIVEN CONTRACT EXCISE TAX

35 Sec. 14. NEW SECTION. **453F.1 Definitions.**

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

3 1. "*Department*" means the department of revenue.

4 2. "*Designated contract market*" means a digital marketplace  
5 for trading event-driven contracts that is also regulated by the  
6 federal commodity futures trading commission.

7 3. "*Director*" means the director of revenue.

8 4. "*Economic indicators*" means a statistic or data point  
9 about an economic activity that allows an analyst to assess  
10 current economic performance.

11 5. "*Event-driven contract*" means a financial derivative  
12 traded on a designated contract market that provides a fixed  
13 binary payout based upon the occurrence or nonoccurrence of a  
14 specific future event that is contingent upon and determined  
15 solely by the definitive outcome of a verifiable specific  
16 event or external measure rather than being based upon the  
17 continuous fluctuation of a security price, commodity value, or  
18 interest rate that may or may not correlate with traditional  
19 market prices or broad economic measures. An "*event-driven*  
20 *contract*" is limited to those financial derivatives that provide  
21 a fixed binary payout related to sporting activities, lotteries,  
22 elections, legislative actions, and economic indicators.

23 6. "*Sporting activities*" means the outcome of a sporting  
24 event, outcomes within the event, or outcomes surrounding the  
25 event.

26 7. "*Trader*" means any person buying or selling event-driven  
27 contracts on a designated contract market.

28 Sec. 15. NEW SECTION. **453F.2 Scope of chapter.**

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, fantasy sports contests as authorized under chapter 99E,  
33 sports wagering authorized under chapter 99F, or other financial  
34 derivatives that are not event-driven contracts.

35 Sec. 16. NEW SECTION. **453F.3 Event-driven contract excise**

1 **tax.**

2 For the privilege of doing business in the state as a  
3 designated contract market, a tax is imposed on the amount to  
4 buy an event-driven contract on a designated contract market at  
5 the rate of twenty percent of the amount to buy the event-driven  
6 contract. The taxes imposed for event-driven contracts under  
7 this chapter shall be collected by the designated contract  
8 market and paid to the treasurer of state as determined by the  
9 department.

10 Sec. 17. NEW SECTION. **453F.4 Revenues.**

11 All revenues generated under this chapter shall be deposited  
12 into the general fund of the state.

13 Sec. 18. NEW SECTION. **453F.5 Administration.**

14 1. The director shall administer the excise tax imposed  
15 under this chapter as nearly as possible in conjunction with  
16 the administration of the state sales and use tax law,  
17 except that portion of the law that implements the streamlined  
18 sales and use tax agreement. The director shall provide  
19 appropriate forms, or provide on the regular state tax forms,  
20 for reporting event-driven contract excise tax liability, and  
21 for ease of administration may require event-driven contract  
22 excise tax liability to be identified, reported, and remitted  
23 to the department as sales and use tax liability, provided the  
24 department has the ability to properly identify such amounts as  
25 event-driven contract excise tax revenues upon receipt.

26 2. The director may require all persons who are engaged  
27 in the business of deriving any sales price or purchase  
28 price subject to tax under this chapter to register with  
29 the department. The director may also require a tax permit  
30 applicable only to this section for any designated contract  
31 market not collecting, or any trader not paying, taxes under  
32 chapter 423.

33 3. Section 422.25, subsection 4, sections 422.30, 422.67, and  
34 422.68, section 422.69, subsection 1, sections 422.70, 422.71,  
35 422.72, 422.74, and 422.75, section 423.14, subsection 1, and

1 sections 423.23, 423.24, 423.25, 423.31 through 423.35, 423.37,  
2 423.39 through 423.42, and 423.47, consistent with the provisions  
3 of this chapter, shall apply with respect to the tax authorized  
4 under this chapter in the same manner and with the same effect as  
5 if the excise taxes on the trades were retail sales taxes within  
6 the meaning of those statutes. Notwithstanding this subsection,  
7 the director shall provide for monthly filing of returns and  
8 for other than monthly filing of returns both as prescribed in  
9 section 423.31.

10 4. The tax imposed by this chapter shall not apply with  
11 respect to any trades which under the constitution and laws of  
12 the United States may not be made the subject of taxation by this  
13 state.

14 5. The tax imposed by this chapter shall be in addition to  
15 any other taxes imposed by law.

16 6. All excise taxes collected under this chapter by any  
17 person are deemed to be held in trust for the state of Iowa.

18 7. The department shall adopt rules pursuant to chapter 17A  
19 to administer this chapter.

20 Sec. 19. CONTINGENT EFFECTIVE DATE. This division of this  
21 Act takes effect six months from the date the attorney general  
22 notifies the general assembly and the Code editor that the tax  
23 imposed in section 99H.5, if enacted by this Act, has been  
24 declared unconstitutional or is otherwise unenforceable by the  
25 state, and all appeals have been exhausted.