

House File 648 - Introduced

HOUSE FILE 648
BY COMMITTEE ON STATE
GOVERNMENT

(SUCCESSOR TO HSB 198)

A BILL FOR

1 An Act relating to sports gambling and wagering, by providing
2 for fantasy sports contests and sports betting, providing
3 for taxes and fees, making penalties applicable, and
4 including implementation and effective date provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

LICENSED SPORTS BETTING

1
2
3 Section 1. Section 99D.7, subsection 23, Code 2019, is
4 amended to read as follows:

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

1 been voluntarily excluded shall be forfeited by the person and
2 shall be credited to the general fund of the state.

3 Sec. 2. Section 99F.1, subsection 1, Code 2019, is amended
4 to read as follows:

5 1. "*Adjusted gross receipts*" means the gross receipts less
6 winnings paid to wagerers on gambling games. However, "*adjusted*
7 *gross receipts*" does not include promotional play receipts
8 received after the date in any fiscal year that the commission
9 determines that the wagering tax imposed pursuant to section
10 99F.11 on all licensees in that fiscal year on promotional
11 play receipts exceeds twenty-five million eight hundred twenty
12 thousand dollars.

13 Sec. 3. Section 99F.1, Code 2019, is amended by adding the
14 following new subsections:

15 NEW SUBSECTION. 2A. "*Authorized sporting event*" means a
16 professional sporting event, a collegiate sporting event, or an
17 international team or individual sporting event governed by the
18 international olympic committee in which no participant in the
19 sporting event is under eighteen years of age.

20 NEW SUBSECTION. 23. "*Sports betting*" means the acceptance
21 of wagers on an authorized sporting event by any system of
22 wagering as authorized by the commission. "*Sports betting*"
23 does not include wagering on a race as defined in section 99D.2
24 or entering an internet fantasy sports contest as defined in
25 section 99E.1.

26 NEW SUBSECTION. 24. "*Sports betting net receipts*" means
27 the gross receipts less winnings paid to wagerers on sports
28 betting.

29 NEW SUBSECTION. 25. "*Sports betting wagering area*" means an
30 area, as designated by the commission, in which sports betting
31 is conducted.

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

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

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

3 **99F.3 Gambling games and sports betting authorized.**

4 The system of wagering on a gambling game and sports betting
5 as provided by [this chapter](#) is legal, when conducted ~~on an~~
6 ~~excursion gambling boat, gambling structure, or racetrack~~
7 ~~enclosure at authorized locations~~ by a licensee as provided in
8 this chapter.

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

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

18 22. To establish a process to allow a person to be
19 voluntarily excluded from advance deposit wagering as defined
20 in section 99D.11, from an internet fantasy sports contest as
21 defined in section 99E.1, from advance deposit sports betting
22 wagering as defined in section 99F.9, from the gaming floor
23 and sports betting wagering area of an excursion gambling
24 boat, from the wagering area, as defined in [section 99D.2](#),
25 and from the gaming floor and sports betting wagering area
26 of all other licensed facilities under [this chapter](#) and
27 chapter 99D as provided in [this subsection](#). The process shall
28 provide that an initial request by a person to be voluntarily
29 excluded shall be for a period of five years or life and any
30 subsequent request following any five-year period shall be for
31 a period of five years or life. The process established shall
32 require that licensees be provided electronic access to names
33 and social security numbers of persons voluntarily excluded
34 through a secured interactive internet site maintained by
35 the commission and information regarding persons voluntarily

1 excluded shall be disseminated to all licensees under this
 2 chapter and **chapter 99D**. The names, social security numbers,
 3 and information regarding persons voluntarily excluded shall
 4 be kept confidential unless otherwise ordered by a court or by
 5 another person duly authorized to release such information.
 6 The process established shall also require a person requesting
 7 to be voluntarily excluded be provided information compiled
 8 by the Iowa department of public health on gambling treatment
 9 options. The state and any licensee under **this chapter** or
 10 chapter 99D shall not be liable to any person for any claim
 11 which may arise from this process. In addition to any other
 12 penalty provided by law, any money or thing of value that has
 13 been obtained by, or is owed to, a voluntarily excluded person
 14 as a result of wagers made by the person after the person has
 15 been voluntarily excluded shall be forfeited by the person and
 16 shall be credited to the general fund of the state.

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

19 NEW SUBSECTION. 27. To adopt standards under which all
 20 sports betting is conducted, including the scope and type of
 21 wagers allowed, to identify occupations within sports betting
 22 which require licensing, and to adopt standards for licensing
 23 and background qualifications for occupations including
 24 establishing fees for the occupational license. In considering
 25 standards regarding the scope and type of wagers allowed for
 26 sports betting, the commission shall consult with interested
 27 professional and collegiate sports leagues and, if interested,
 28 the international olympic committee. All revenue received by
 29 the commission under this chapter from license fees shall be
 30 deposited in the general fund of the state and shall be subject
 31 to the requirements of section 8.60. All revenue received by
 32 the commission from regulatory fees shall be deposited into the
 33 gaming regulatory revolving fund established in section 99F.20.

34 Sec. 8. NEW SECTION. **99F.7A Sports betting — license —**
 35 **terms and conditions — fees.**

1 1. The commission shall, upon payment of an initial
2 license fee of fifteen thousand dollars and submission of an
3 application to the commission consistent with the requirements
4 of section 99F.6, issue a license to conduct sports betting
5 to a licensee authorized to conduct gambling games at a
6 pari-mutuel racetrack enclosure or a licensee authorized to
7 operate an excursion gambling boat or gambling structure,
8 subject to the requirements of this chapter. The annual
9 renewal fee for a license to conduct sports betting shall be
10 fifteen thousand dollars.

11 2. A licensee under this section shall do all of the
12 following:

13 a. Include on the internet site or mobile application used
14 by the licensee to conduct advance deposit sports betting
15 wagering as authorized in section 99F.9 the statewide telephone
16 number authorized by the Iowa department of public health to
17 provide problem gambling information and extensive responsible
18 gaming features in addition to those described in section
19 99F.4, subsection 22.

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

32 3. A licensee issued a license to conduct sports betting
33 under this section shall employ commercially reasonable steps
34 to prohibit coaches, athletic trainers, officials, players, or
35 other individuals who participate in an authorized sporting

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

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

10 **99F.8 Bond of licensee.**

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

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

28 1. Except as permitted in [this section](#), the licensee
29 shall not permit ~~ne~~ sports betting or any form of wagering on
30 gambling games.

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

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

35 (1) *"Advance deposit sports betting wagering"* means a method

1 of sports betting in which an eligible individual may, in an
2 account established with a licensee under section 99F.7A,
3 deposit moneys into the account and use the account balance to
4 pay for sports betting.

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

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

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

23 c. An unlicensed person taking or receiving sports betting
24 wagers from residents of this state is guilty of a class "D"
25 felony.

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

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

1 floor of an excursion gambling boat or gambling structure or
2 in the wagering area or on the gaming floor of a racetrack
3 enclosure. A person who violates this subsection with respect
4 to making or attempting to make a wager commits a scheduled
5 violation under section 805.8C, subsection 5, paragraph "a".

6 Sec. 13. Section 99F.11, subsection 3, unnumbered paragraph
7 1, Code 2019, is amended to read as follows:

8 The taxes imposed by this section on adjusted gross receipts
9 from gambling games authorized under this chapter shall be paid
10 by the licensee to the treasurer of state within ten days after
11 the close of the day when the wagers were made and shall be
12 distributed as follows:

13 Sec. 14. Section 99F.11, Code 2019, is amended by adding the
14 following new subsection:

15 NEW SUBSECTION. 4. A tax is imposed on the sports betting
16 net receipts received each fiscal year by a licensed operator
17 from sports betting authorized under this chapter at the rate
18 of six and three-quarters percent. The taxes imposed by this
19 subsection for sports betting authorized under this chapter
20 shall be paid by the licensed operator to the treasurer of
21 state as determined by the commission and shall be credited as
22 provided in section 8.57, subsection 5.

23 Sec. 15. Section 99F.12, subsection 2, Code 2019, is amended
24 to read as follows:

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

28 b. A licensee under section 99F.7A shall promptly report
29 to the commission any criminal or disciplinary proceedings
30 commenced against the licensee or its employees in connection
31 with the licensee conducting sports betting including advance
32 deposit sports betting wagering, any abnormal wagering activity
33 or patterns that may indicate a concern about the integrity
34 of an authorized sporting event or events, and any other
35 conduct with the potential to corrupt a wagering outcome of

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

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

25 Sec. 16. Section 99F.15, subsection 1, paragraph c, Code
26 2019, is amended to read as follows:

27 c. Acting, or employing a person to act, as a shill or
28 decoy to encourage participation in a gambling game or sports
29 betting.

30 Sec. 17. Section 99F.15, subsection 4, paragraphs d, h, and
31 i, Code 2019, are amended to read as follows:

32 d. Cheats at a gambling game, including but not limited to
33 committing any act which alters the outcome of the game, or
34 cheats at sports betting.

35 h. Claims, collects, or takes, or attempts to claim,

1 collect, or take, money or anything of value in or from the
2 gambling games or sports betting, with intent to defraud,
3 without having made a wager contingent on winning a gambling
4 game or sports betting wager, or claims, collects, or takes an
5 amount of money or thing of value of greater value than the
6 amount won.

7 *i.* Knowingly entices or induces a person to go to any place
8 where a gambling game or sports betting is being conducted or
9 operated in violation of the provisions of **this chapter** with
10 the intent that the other person plays or participates in that
11 gambling game or sports betting.

12 Sec. 18. Section 99F.20, subsection 1, Code 2019, is amended
13 to read as follows:

14 1. A gaming regulatory revolving fund is created in
15 the state treasury under the control of the department of
16 inspections and appeals. The fund shall consist of fees
17 collected and deposited into the fund paid by licensees
18 pursuant to **section 99D.14, subsection 2**, paragraph "c", fees
19 paid by licensees pursuant to section 99E.5, subsection 5,
20 paragraph "c", regulatory fees paid by licensees pursuant
21 to section 99F.4, subsection 27, and fees paid by licensees
22 pursuant to section 99F.10, subsection 4, paragraph "c". All
23 costs relating to racetrack, excursion boat, and gambling
24 structure regulation shall be paid from the fund as provided in
25 appropriations made for this purpose by the general assembly.
26 The department shall provide quarterly reports to the
27 department of management and the legislative services agency
28 specifying revenues billed and collected and expenditures
29 from the fund in a format as determined by the department
30 of management in consultation with the legislative services
31 agency.

32 Sec. 19. EMERGENCY RULES. The state racing and gaming
33 commission created under section 99D.5 may adopt emergency
34 rules under section 17A.4, subsection 3, and section 17A.5,
35 subsection 2, paragraph "b", to implement the provisions of

1 this division of this Act and the rules shall be effective
2 immediately upon filing unless a later date is specified in the
3 rules. Any rules adopted in accordance with this section shall
4 also be published as a notice of intended action as provided
5 in section 17A.4.

6 Sec. 20. IMPLEMENTATION. The racing and gaming commission
7 shall not implement this division of this Act until the date
8 the commission has adopted rules pursuant to chapter 17A
9 providing for such implementation and such rules have become
10 effective.

11 Sec. 21. EFFECTIVE DATE. This division of this Act, being
12 deemed of immediate importance, takes effect upon enactment.

13 DIVISION II

14 INTERNET FANTASY SPORTS CONTESTS

15 Sec. 22. Section 80.25A, Code 2019, is amended to read as
16 follows:

17 **80.25A ~~Pari-mutuel and gambling game~~ Gaming operations —**
18 **investigation and enforcement.**

19 The commissioner of public safety shall direct the chief
20 of the division of criminal investigation to establish a
21 subdivision to be the primary criminal investigative and
22 enforcement agency for the purpose of enforcement of chapters
23 99D, 99E, and 99F. The commissioner of public safety shall
24 appoint or assign other agents to the division as necessary to
25 enforce chapters 99D, 99E, and 99F. All enforcement officers,
26 assistants, and agents of the division are subject to section
27 80.15 except clerical workers.

28 Sec. 23. NEW SECTION. 99E.1 Definitions.

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

31 1. "*Applicant*" means an internet fantasy sports contest
32 service provider applying for a license to conduct internet
33 fantasy sports contests under this chapter.

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

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

14 4. *"Internet fantasy sports contest"* means a method of
15 entering a fantasy sports contest by which a person may
16 establish an account with an internet fantasy sports contest
17 service provider, deposit money into the account, and use
18 the account balance for entering a fantasy sports contest by
19 utilizing electronic communication.

20 5. *"Internet fantasy sports contest adjusted revenues"* means,
21 for each internet fantasy sports contest, the amount equal to
22 the total charges and fees collected from all participants
23 entering the internet fantasy sports contest less winnings paid
24 to participants in the contest, multiplied by the location
25 percentage.

26 6. *"Internet fantasy sports contest player"* means a person
27 who is at least twenty-one years of age and participates in an
28 internet fantasy sports contest operated by an internet fantasy
29 sports contest service provider.

30 7. *"Internet fantasy sports contest service provider"* means
31 a person, including a licensee under chapter 99D or 99F, who
32 conducts an internet fantasy sports contest as authorized by
33 this chapter.

34 8. *"Licensee"* means any person licensed under section 99E.5
35 to conduct internet fantasy sports contests.

1 9. "Location percentage" means, for each internet fantasy
2 sports contest, the percentage, rounded to the nearest tenth of
3 a percent, equal to the total charges and fees collected from
4 all internet fantasy sports contest players located in this
5 state divided by the total charges and fees collected from all
6 participants in the internet fantasy sports contest.

7 Sec. 24. NEW SECTION. 99E.2 Internet fantasy sports
8 contests authorized.

9 The system of entering an internet fantasy sports contest as
10 provided by this chapter is legal when conducted by a licensed
11 internet fantasy sports contest service provider as provided in
12 this chapter.

13 Sec. 25. NEW SECTION. 99E.3 Commission — powers.

14 1. The commission shall have full jurisdiction over and
15 shall supervise internet fantasy sports contests and internet
16 fantasy sports contest service providers as governed by this
17 chapter.

18 2. The commission shall have the following powers and shall
19 adopt rules pursuant to chapter 17A to administer and implement
20 this chapter:

21 a. To review and investigate applicants and determine the
22 eligibility of applicants for a license to conduct internet
23 fantasy sports contests, pursuant to rules adopted by the
24 commission.

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

27 c. To provide for the prevention of practices detrimental to
28 the public and to provide for the best interests of internet
29 fantasy sports contests.

30 d. To investigate alleged violations of this chapter
31 or the commission rules, orders, or final decisions and to
32 take appropriate disciplinary action against a licensee, or
33 institute appropriate legal action for enforcement, or both.
34 Information gathered during an investigation is confidential
35 during the pendency of the investigation.

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

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

5 Sec. 26. NEW SECTION. **99E.4 Requirements of applicant —**
6 **fee.**

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

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

22 3. Before a license is granted, the division of criminal
23 investigation of the department of public safety shall conduct
24 a thorough background investigation of the applicant for a
25 license to conduct internet fantasy sports contests. The
26 applicant shall provide information on a form as required by
27 the division of criminal investigation.

28 4. The commission shall charge the applicant a reasonable
29 fee set by the division of criminal investigation of the
30 department of public safety, to defray those costs associated
31 with the fingerprint and national criminal history check
32 requirements of subsection 2 and background investigations
33 conducted by agents of the division of criminal investigation
34 as provided in subsection 3. These fees and costs are in
35 addition to any other license fees and costs charged by the

1 commission.

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

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

11 b. The applicant has not demonstrated financial
12 responsibility sufficient to adequately meet the requirements
13 of the enterprise proposed.

14 c. The applicant does not adequately disclose the true
15 owners of the enterprise proposed.

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

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

20 f. The applicant is not of good repute and moral character
21 or the applicant has pled guilty to, or has been convicted of,
22 a felony.

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

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

27 7. For the purposes of this section, "applicant" includes
28 each member of the board of directors of an internet fantasy
29 sports contest service provider.

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

32 1. If the commission is satisfied that the requirements
33 of this chapter and its rules adopted under this chapter
34 applicable to licensees have been or will be complied with, the
35 commission shall, upon payment of an initial annual license

1 fee of five thousand dollars, issue a license for a period of
2 not more than three years to an applicant to conduct internet
3 fantasy sports contests in this state.

4 2. A licensee under this section shall establish, subject to
5 commission approval, internet fantasy sports contest rules that
6 specify the prizes and awards offered to winning participants
7 in an internet fantasy sports contest, the effect of changes
8 in the scheduling of an event subject to an internet fantasy
9 sports contest, and the source of the information used to
10 determine the outcome of an internet fantasy sports contest.
11 The internet fantasy sports contest rules shall be displayed on
12 the internet site or mobile application used by the licensee
13 to conduct internet fantasy sports contests and included in
14 the terms and conditions of the licensee's system to conduct
15 internet fantasy sports contests.

16 3. A licensed internet fantasy sports contest service
17 provider shall use commercially reasonable methods to comply
18 with all of the following requirements:

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

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

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

33 d. Allow individuals to restrict themselves from entering
34 an internet fantasy sports contest conducted by the internet
35 fantasy sports contest service provider upon request and take

1 reasonable steps to prevent those individuals from entering
2 any internet fantasy sports contests conducted by the internet
3 fantasy sports contest service provider.

4 *e.* Allow individuals to establish an account with an
5 internet fantasy sports contest service provider by utilizing
6 electronic communication.

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

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

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

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

23 4. The annual renewal fee for a license to conduct internet
24 fantasy sports contests shall be five thousand dollars. Moneys
25 collected by the commission from the annual renewal fee for
26 a license paid under this subsection shall be considered
27 repayment receipts as defined in section 8.2.

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

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

1 c. Notwithstanding section 8.60, the portion of the fee
2 paid pursuant to paragraph "a" relating to the costs of the
3 commission shall be deposited into the gaming regulatory
4 revolving fund established in section 99F.20.

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

8 Sec. 28. NEW SECTION. **99E.6 Internet fantasy sports contest**
9 **tax — rate.**

10 A tax is imposed on internet fantasy sports contest adjusted
11 revenues received each fiscal year by an internet fantasy
12 sports contest service provider from internet fantasy sports
13 contests authorized under this chapter at the rate of six and
14 three-quarters percent. The taxes imposed by this section
15 for internet fantasy sports contests authorized under this
16 chapter shall be paid by the internet fantasy sports contest
17 service provider to the treasurer of state as determined by the
18 commission and shall be credited as provided in section 8.57,
19 subsection 5.

20 Sec. 29. NEW SECTION. **99E.7 Internet fantasy sports**
21 **contests — age restrictions.**

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

27 Sec. 30. NEW SECTION. **99E.8 Licensees — records — reports**
28 **— confidentiality.**

29 1. An internet fantasy sports contest service provider
30 shall keep its books and records so as to clearly show the
31 internet fantasy sports contest adjusted revenues for each
32 internet fantasy sports contest subject to tax in this state.

33 2. a. The licensee shall furnish to the commission reports
34 and information as the commission may require with respect to
35 the licensee's activities.

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

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

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

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

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

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

7 Sec. 31. NEW SECTION. **99E.9 Annual audit of licensee**
8 **operations.**

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

16 Sec. 32. NEW SECTION. **99E.10 Civil penalty.**

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

25 Sec. 33. Section 99F.2, Code 2019, is amended to read as
26 follows:

27 **99F.2 Scope of provisions.**

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

34 Sec. 34. Section 99F.4B, Code 2019, is amended to read as
35 follows:

1 **99F.4B Rules.**

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

6 Sec. 35. Section 232C.4, subsection 3, Code 2019, is amended
7 to read as follows:

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

15 Sec. 36. Section 714B.10, subsection 1, Code 2019, is
16 amended to read as follows:

17 1. Advertising by sponsors registered pursuant to [chapter](#)
18 [557B](#), licensed pursuant to [chapter 99B](#), or regulated pursuant
19 to [chapter 99D](#), [99E](#), [99F](#), or [99G](#).

20 Sec. 37. Section 725.15, Code 2019, is amended to read as
21 follows:

22 **725.15 Exceptions for legal gambling.**

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

27 Sec. 38. Section 805.8C, Code 2019, is amended by adding the
28 following new subsection:

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

35 Sec. 39. TRANSITIONAL LICENSE. Notwithstanding any

1 provisions of chapter 99E as enacted by this Act to the
2 contrary, a person granted a license or registration by two or
3 more states to conduct internet fantasy sports contests may
4 apply for and shall be granted a transitional license by the
5 racing and gaming commission to conduct internet fantasy sports
6 contests in this state subject to the requirements of chapter
7 99E, as enacted by this Act. The transitional license shall
8 be valid until the earlier of the date the racing and gaming
9 commission grants or denies a license under section 99E.5 to
10 the person to conduct internet fantasy sports contests, or
11 twelve months from the date the racing and gaming commission
12 accepts applications for issuance of a license to conduct
13 internet fantasy sports contests under section 99E.5.

14 Sec. 40. EMERGENCY RULES. The state racing and gaming
15 commission created under section 99D.5 may adopt emergency
16 rules under section 17A.4, subsection 3, and section 17A.5,
17 subsection 2, paragraph "b", to implement the provisions of
18 this division of this Act and the rules shall be effective
19 immediately upon filing unless a later date is specified in the
20 rules. Any rules adopted in accordance with this section shall
21 also be published as a notice of intended action as provided
22 in section 17A.4.

23 Sec. 41. IMPLEMENTATION. The racing and gaming commission
24 shall not implement this division of this Act until the date
25 the commission has adopted rules pursuant to chapter 17A
26 providing for such implementation and such rules have become
27 effective.

28 Sec. 42. EFFECTIVE DATE. This division of this Act, being
29 deemed of immediate importance, takes effect upon enactment.

30 DIVISION III

31 SOCIAL SPORTS GAMBLING

32 Sec. 43. Section 99B.41, Code 2019, is amended by adding the
33 following new subsection:

34 NEW SUBSECTION. 1A. "*Social fantasy sports contest*" means
35 any fantasy or simulated game or contest in which the value

1 of all prizes and awards offered to winning participants are
2 established and made known to the participants in advance of
3 the contest and do not exceed a total of one thousand dollars
4 or equivalent consideration, all winning outcomes reflect
5 the relative knowledge and skill of the participants and
6 shall be determined by accumulated statistical results of
7 the performance of individuals in events occurring over more
8 than a twenty-four-hour period, including athletes in the case
9 of sporting events, and no winning outcome is based on the
10 score, point spread, or any performance or performances of
11 any single actual team or solely on any single performance of
12 an individual athlete or player in any single actual event.
13 *"Social fantasy sports contest"* does not include an internet
14 fantasy sports contest as defined in section 99E.1.

15 Sec. 44. Section 99B.45, subsection 2, Code 2019, is amended
16 by adding the following new paragraph:

17 NEW PARAGRAPH. c. A social fantasy sports contest.

18 EXPLANATION

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

21 This bill authorizes sports gambling and wagering, including
22 sports betting and fantasy sports contests.

23 LICENSED SPORTS BETTING. This division authorizes and
24 licenses sports betting.

25 Code section 99F.1, concerning definitions, is amended. The
26 bill defines "sports betting" as wagering on an authorized
27 sporting event by any system of wagering as authorized by
28 the racing and gaming commission (commission) and defines
29 "authorized sporting event" to include professional and
30 collegiate sporting events and international team and
31 individual sporting events governed by the international
32 olympic committee in which no participant is under 18 years
33 of age. The definition of "licensee" is amended to include a
34 person licensed to conduct sports betting. The bill defines
35 "sports betting net receipts" as gross receipts less winnings

1 paid to wagerers on sports betting. "Sports betting wagering
2 area" is defined as an area, as designated by the commission,
3 in which sports betting is conducted.

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

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

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

23 New Code section 99F.7A provides specific requirements
24 relative to the licensing, operation, and fees applicable to
25 sports betting.

26 The bill provides that the commission shall, upon payment
27 of an initial license fee of \$15,000, issue a license to
28 conduct sports betting to a licensee authorized to conduct
29 gambling games at a pari-mutuel racetrack enclosure or a
30 licensee authorized to operate an excursion gambling boat or
31 gambling structure. The bill provides that the annual renewal
32 fee for a license shall also be \$15,000. The bill provides
33 that a licensee establish, and display and post, sports
34 betting wagering rules specifying the amounts to be paid on
35 winning wagers, the effect of changes in the scheduling of an

1 authorized sporting event, and the source of information used
2 to determine the outcome of a wager. The new Code section also
3 provides that a licensee shall include on the internet site
4 or mobile application used by the licensee to conduct advance
5 deposit sports betting wagering the statewide telephone number
6 authorized by the Iowa department of public health to provide
7 problem gambling information and extensive responsible gaming
8 features. The bill also provides that a licensee issued a
9 license to conduct sports betting shall employ commercially
10 reasonable steps to prohibit coaches, athletic trainers,
11 officials, players, participants, or other persons employed in
12 a position with direct involvement with such individuals from
13 sports betting under Code chapter 99F.

14 Code section 99F.8, concerning licensee bonding
15 requirements, is amended to make such requirements applicable
16 to sports betting.

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

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

9 Code section 99F.11, concerning the wagering tax, is
10 amended. The bill provides that sports betting net receipts
11 received each fiscal year by a licensed operator from sports
12 betting shall be taxed at the rate of six and three-quarters
13 percent. The taxes imposed shall be paid by the licensed
14 operator to the treasurer of state as determined by the
15 commission and shall be credited as provided in Code section
16 8.57, subsection 5.

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

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

34 Code section 99F.20, concerning the gaming regulatory
35 revolving fund, is amended to provide that regulatory fees

1 by an internet fantasy sports contest service provider and
2 by a licensee authorized to conduct sports wagering shall be
3 deposited in the fund.

4 This division of the bill takes effect upon enactment.
5 However, the bill authorizes the racing and gaming commission
6 to adopt emergency rules to implement the bill and provides
7 that the racing and gaming commission shall not implement
8 this division of the bill until the date the commission has
9 adopted rules pursuant to Code chapter 17A providing for such
10 implementation and such rules have become effective.

11 INTERNET FANTASY SPORTS CONTESTS. This division of the bill
12 authorizes internet fantasy sports contests and provides for
13 the licensing, regulation, and taxation of internet fantasy
14 sports contests.

15 Code section 80.25, concerning gaming investigation and
16 enforcement by the division of criminal investigation of
17 the department of public safety, is amended to provide for
18 investigation and enforcement concerning the new Code chapter.

19 New Code section 99E.1 provides for definitions. A "fantasy
20 sports contest" is defined as any fantasy or simulated game
21 or contest in which all prizes and awards offered to winning
22 participants are established and made known in advance of the
23 contest, all winning outcomes reflect the relative knowledge
24 and skill of the participants and are determined predominantly
25 by accumulated statistical results of the performance of
26 individuals, and no winning outcome is based on the score, or
27 performance of any single actual team or combination of such
28 teams or solely on any single performance of an individual
29 athlete in any single actual sporting or other event. An
30 "internet fantasy sports contest" is defined as a method of
31 entering a fantasy sports contest by establishing an account
32 with an internet fantasy sports contest service provider. An
33 "internet fantasy sports contest player" is defined as a person
34 who is at least 21 years of age who participates in an internet
35 fantasy sports contest. The bill also defines "internet

1 fantasy sports contest adjusted revenues", "internet fantasy
2 sports contest service provider", "licensee", and "location
3 percentage".

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

8 New Code section 99E.3 establishes the powers of the racing
9 and gaming commission in relation to internet fantasy sports
10 contests and internet fantasy sports contest service providers.
11 Specifically, the Code section authorizes the commission
12 to investigate and license internet fantasy sports contest
13 service providers, assess fines and revoke or suspend licenses,
14 impose penalties for violations of the Code chapter, and take
15 any other action to enforce the requirements of the new Code
16 chapter.

17 New Code section 99E.4 establishes the requirements for an
18 applicant to be granted a license to conduct internet fantasy
19 sports contests. The Code section allows the commission
20 to charge the applicant a fee for the department of public
21 safety, division of criminal investigation, to defray the
22 costs associated with any investigation. The new Code
23 section provides that a license shall not be issued if there
24 is evidence that the applicant has failed to meet certain
25 qualifying requirements. The Code section provides that a
26 person who knowingly makes a false statement on the application
27 is guilty of an aggravated misdemeanor.

28 New Code section 99E.5 establishes the terms and conditions
29 of licenses issued to conduct internet fantasy sports contests.
30 The Code section provides that a license may be issued for
31 a period of not more than three years and provides for an
32 initial and annual license fee of \$5,000. The Code section
33 also provides for the payment of a regulatory fee to be set
34 by the racing and gaming commission based on the costs of
35 administering and enforcing the new Code chapter. The Code

1 section provides that a licensee establish, and display and
2 post, internet fantasy sports contest rules specifying the
3 amounts to be paid to winning participants, the effect of
4 changes in the scheduling of an event subject to an internet
5 fantasy sports contest, and the source of information used to
6 determine the outcome of an internet fantasy sports contest.
7 The Code section further provides that each licensee shall
8 receive a credit for the amount of the regulatory fee paid
9 against taxes to be paid pursuant to the new Code chapter. The
10 Code section provides that a licensed internet fantasy sports
11 contest service provider shall use commercially reasonable
12 methods to prevent any employees and certain family members
13 from participating in internet fantasy sports contests on the
14 service provider's digital platform, verify that internet
15 fantasy sports contest players located in this state are 21
16 or older, ensure that participants in a game or contest shall
17 not be allowed to enter an internet fantasy sports contest
18 involving that game or contest, permit individuals to establish
19 an account with an internet fantasy sports contest service
20 provider by electronic communication and to restrict themselves
21 from entering an internet fantasy sports contest, conduct an
22 annual audit, and pay the tax imposed by the new Code chapter.

23 New Code section 99E.6 provides for a tax of six and
24 three-quarters percent on internet fantasy sports contest
25 adjusted revenues. The bill defines "internet fantasy sports
26 contest adjusted revenues" as the total of fees and charges
27 collected, less winnings, in an internet fantasy sports contest
28 multiplied by the percentage of fees and charges paid by
29 participants who are located in this state in that contest.
30 The taxes imposed shall be paid by the internet fantasy
31 sports contest service provider to the treasurer of state as
32 determined by the commission and shall be credited as provided
33 in Code section 8.57, subsection 5.

34 New Code section 99E.7 provides that a person under the
35 age of 21 shall not enter an internet fantasy sports contest.

1 A person who violates this Code section commits a scheduled
2 violation under Code section 805.8C and is subject to a \$500
3 fine. Code section 805.8C is amended to reflect this violation
4 and applicable fine.

5 New Code section 99E.8 requires an internet fantasy sports
6 contest service provider to keep books and records on internet
7 fantasy sports contest adjusted revenues and to provide the
8 commission reports and information as the commission may
9 require. The bill provides that a licensee promptly report
10 to the commission any criminal or disciplinary proceedings
11 commenced against the licensee, any abnormal fantasy sports
12 contest activity, and any other conduct with the potential to
13 corrupt an outcome of an internet fantasy sports contest. The
14 bill requires the commission to share any information received
15 with any law enforcement entity, sports team, sports governing
16 body, or regulatory agency the commission deems appropriate.

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

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

26 The bill also makes changes to Code sections 99F.2, 99F.4B,
27 232C.4, 714B.10, and 725.15 to provide that provisions in those
28 Code sections that list some or all Code chapters that govern
29 lawful gambling also list the new Code chapter provided in this
30 division of the bill.

31 The bill provides for the issuance of a transitional license
32 by the racing and gaming commission to a person to conduct
33 internet fantasy sports contests in this state if the person
34 has been granted a license or registration by two or more other
35 states to conduct internet fantasy sports contests. The bill

1 provides that the transitional license shall be valid until the
2 earlier of the date the commission grants or denies a license
3 to the person or 12 months from the date the commission accepts
4 applications for issuance of a license.

5 This division of the bill takes effect upon enactment.
6 However, the bill authorizes the racing and gaming commission
7 to adopt emergency rules to implement this division of the
8 bill and provides that the racing and gaming commission shall
9 not implement the bill until the date the commission has
10 adopted rules pursuant to Code chapter 17A providing for such
11 implementation and such rules have become effective.

12 SOCIAL SPORTS GAMBLING. This division concerns social
13 gambling authorized under Code chapter 99B. Code section
14 99B.45, concerning social gambling between individuals, is
15 amended to authorize social gambling on social fantasy sports
16 contests. Code section 99B.41 is amended to define "social
17 fantasy sports contest" as a fantasy sports contest in which
18 prizes and awards offered to winning participants do not exceed
19 \$1,000 and winning outcomes are based on the performance of
20 individuals in events occurring over more than a 24-hour
21 period. Current law limits wins or losses on social gambling
22 to \$200.