

Senate File 2275 - Reprinted

SENATE FILE 2275
BY COMMITTEE ON STATE
GOVERNMENT

(SUCCESSOR TO SSB 3164)

(As Amended and Passed by the Senate March 13, 2012)

A BILL FOR

1 An Act authorizing licensees authorized to operate gambling
2 games on an excursion boat, gambling structure, or racetrack
3 enclosure to operate internet wagering on poker and making
4 penalties applicable.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 99F.1, subsection 1, Code 2011, is
2 amended to read as follows:

3 1. *Adjusted gross receipts* means the gross receipts less
4 winnings paid to wagerers. For internet wagering, "adjusted
5 gross receipts" means the gross receipts for internet wagering
6 on poker from rake and tournament fees less winnings and player
7 incentives paid to wagerers.

8 Sec. 2. Section 99F.1, Code 2011, is amended by adding the
9 following new subsections:

10 NEW SUBSECTION. 16A. *Internet wagering* means a method of
11 wagering by which a person may establish an account, deposit
12 money into the account, and use the account balance for
13 wagering by utilizing electronic communication.

14 NEW SUBSECTION. 16B. *Internet wagering service provider*
15 means a person who has entered into an agreement with an
16 internet wagering licensee or licensees to provide internet
17 wagering for an internet wagering licensee as authorized by
18 this chapter.

19 NEW SUBSECTION. 19A. *Player incentives* means, for
20 internet wagering, any bonuses, rewards, prizes, or other types
21 of promotional items provided to a person engaging in internet
22 wagering by an internet wagering licensee as an incentive to
23 engage in internet wagering.

24 NEW SUBSECTION. 22. *Rake* means a set fee or percentage of
25 the pot assessed by an internet wagering licensee for providing
26 the internet wagering services to a person engaging in internet
27 wagering for the right to participate in internet wagering.

28 NEW SUBSECTION. 23. *Tournament fee* means a set fee
29 assessed to a person engaging in internet wagering by the
30 internet wagering licensee for providing internet wagering
31 tournament services.

32 Sec. 3. Section 99F.3, Code 2011, is amended to read as
33 follows:

34 **99F.3 Gambling games authorized.**

35 The system of wagering on a gambling game as provided

1 by this chapter is legal, when conducted on an excursion
2 gambling boat, gambling structure, or racetrack enclosure at
3 authorized locations by a licensee, or, for internet wagering,
4 when conducted by an internet wagering licensee pursuant to
5 requirements established by the commission, as provided in this
6 chapter.

7 Sec. 4. Section 99F.4, subsections 14 and 22, Code 2011, are
8 amended to read as follows:

9 14. To require, except for internet wagering, all licensees
10 of gambling game operations to utilize a cashless wagering
11 system whereby all players' money is converted to tokens,
12 electronic cards, or chips which only can be used for wagering
13 on the excursion gambling boat.

14 22. To require licensees to establish a process to allow a
15 person to be voluntarily excluded for life from an excursion
16 gambling boat and all other licensed facilities under this
17 chapter and chapter 99D, or from engaging in internet wagering
18 conducted by an internet wagering licensee under this chapter.
19 For internet wagering licensees, the process shall allow
20 players to limit the maximum amount of money that may be
21 transferred by that player into an internet wagering account
22 in a twenty-four-hour period. The process established shall
23 require that a licensee disseminate information regarding
24 persons voluntarily excluded to all licensees under this
25 chapter and chapter 99D. The state and any licensee under
26 this chapter or chapter 99D shall not be liable to any person
27 for any claim which may arise from this process. In addition
28 to any other penalty provided by law, any money or thing of
29 value that has been obtained by, or is owed to, a voluntarily
30 excluded person by a licensee as a result of wagers made by the
31 person after the person has been voluntarily excluded shall not
32 be paid to the person but shall be credited to the general fund
33 of the state.

34 Sec. 5. Section 99F.4, Code 2011, is amended by adding the
35 following new subsection:

1 NEW SUBSECTION. 27. To establish requirements for internet
2 wagering licensees and internet wagering service providers to
3 conduct internet wagering on poker as provided in this chapter.
4 At a minimum, the requirements shall include security measures
5 to insure the integrity of internet wagering and technical
6 standards governing the technology used to conduct internet
7 wagering. In addition, the requirements shall, subject to
8 reasonable conditions established by the commission, allow
9 persons who have registered with an internet wagering licensee
10 to engage in internet wagering with other persons, regardless
11 of location, to the extent permissible by law.

12 Sec. 6. NEW SECTION. 99F.4E Internet wagering on poker —
13 licensing — requirements.

14 1. Upon payment of the applicable internet wagering
15 license fee as determined by the commission and application
16 by a licensee authorized to operate gambling games under this
17 chapter, the commission shall issue an internet wagering
18 license to the licensee, following a review of the applicant
19 and internet wagering service provider in the manner provided
20 in this section and section 99F.6, subject to the provisions
21 of this chapter and rules adopted pursuant to this chapter
22 relating to gambling and internet wagering. A single joint
23 license to conduct internet wagering may be issued to more than
24 one licensee authorized to operate gambling games under this
25 chapter as determined by the commission. The issuance of a
26 license to conduct internet wagering under this chapter shall
27 not be considered the issuance of a new license under this
28 chapter.

29 2. An internet wagering licensee shall comply with the
30 following requirements:

31 a. Internet wagering shall be limited to wagering on poker
32 and all of its variations, including but not limited to Texas
33 hold 'em, Omaha hold 'em, draw poker, and stud poker.

34 b. Internet wagering shall be conducted by the licensee as
35 determined by the commission.

1 *c.* Internet wagering shall be limited to only those persons
2 who have registered with the licensee to engage in internet
3 wagering. To register, a person shall provide sufficient
4 information to the licensee to verify that the person is at
5 least twenty-one years of age and is otherwise authorized to
6 engage in internet wagering in this state.

7 *d.* (1) If an internet wagering license is issued to one
8 licensee authorized to operate gambling games under this
9 chapter, adjusted gross receipts received by the gambling games
10 licensee under this chapter from internet wagering each fiscal
11 year shall be added to the adjusted gross receipts received
12 by the licensee from gambling games other than from internet
13 wagering for purposes of imposing a tax on the adjusted gross
14 receipts received by the licensee as provided in section
15 99F.11.

16 (2) If a joint internet wagering license is issued to more
17 than one licensee authorized to operate gambling games under
18 this chapter, the tax rate imposed on adjusted gross receipts
19 from internet wagering on poker each fiscal year pursuant to
20 section 99F.11 shall be twenty-two percent or, if a majority
21 of participating licensees on the joint license are otherwise
22 subject to a tax rate of twenty-four percent on adjusted gross
23 receipts from gambling games over three million dollars under
24 section 99F.11, twenty-four percent.

25 *e.* An internet wagering licensee shall make distributions of
26 the receipts from internet wagering on poker in the same manner
27 as provided in section 99F.6, subsection 4, paragraph "a",
28 subparagraph (2), or in the operating agreement entered into
29 with a qualified sponsoring organization as provided in section
30 99F.5, whichever is applicable.

31 *f.* Any other requirements as the commission establishes
32 to ensure the legality and integrity of conducting internet
33 wagering in this state.

34 3. A person holding a valid license pursuant to chapter
35 99D or section 99F.7 is exempt from further investigation

1 and examination for licensing to operate internet wagering
2 pursuant to this chapter. However, the commission may order
3 future investigations or examinations as the commission finds
4 appropriate.

5 Sec. 7. Section 99F.6, subsection 1, unnumbered paragraph
6 1, Code Supplement 2011, is amended to read as follows:

7 A person shall not be issued a license to conduct gambling
8 games on an excursion gambling boat or a license to operate
9 an excursion gambling boat under this chapter, an internet
10 wagering license, an internet wagering service provider
11 license, an occupational license, a distributor license, or
12 a manufacturer license unless the person has completed and
13 signed an application on the form prescribed and published
14 by the commission. The application shall include the full
15 name, residence, date of birth and other personal identifying
16 information of the applicant that the commission deems
17 necessary. The application shall also indicate whether the
18 applicant has any of the following:

19 Sec. 8. Section 99F.6, Code Supplement 2011, is amended by
20 adding the following new subsection:

21 NEW SUBSECTION. 5A. Before a license is granted to an
22 internet wagering service provider, the commission shall,
23 in addition to the requirements of this section, conduct
24 a comprehensive investigation of the service provider to
25 determine whether the service provider has accepted or assisted
26 in the acceptance of any wagers or other consideration related
27 to internet wagering. The commission shall not issue a license
28 to an internet wagering service provider if the commission
29 determines that the service provider has accepted or assisted
30 in the acceptance of any wagers or other consideration
31 related to internet wagering in violation of the laws of any
32 jurisdiction where the service provider has operated.

33 Sec. 9. Section 99F.7, subsection 1, Code Supplement 2011,
34 is amended to read as follows:

35 1. If the commission is satisfied that this chapter and

1 its rules adopted under this chapter applicable to licensees
2 have been or will be complied with, the commission shall issue
3 a license for a period of not more than three years to an
4 applicant to own a gambling game operation, to an applicant to
5 operate a gambling structure, ~~and~~ to an applicant to operate
6 an excursion gambling boat, and to an applicant to conduct
7 internet wagering. The commission shall decide which of the
8 gambling games authorized under this chapter the commission
9 will permit. The commission shall decide the number, location,
10 and type of gambling structures and excursion gambling boats
11 licensed under this chapter. The commission shall allow the
12 operation of an excursion boat or moored barge on or within one
13 thousand feet of the high water marks of the rivers, lakes, and
14 reservoirs of this state as established by the commission in
15 consultation with the United States army corps of engineers,
16 the department of natural resources, or other appropriate
17 regulatory agency. The license shall set forth, as applicable,
18 the name of the licensee, the type of license granted, the
19 location of the gambling structure or the place where the
20 excursion gambling boats will operate and dock, and the time
21 and number of days during the excursion season and the off
22 season when gambling may be conducted by the licensee.

23 Sec. 10. Section 99F.9, subsections 3 and 5, Code 2011, are
24 amended to read as follows:

25 3. The licensee may receive wagers only from a person
26 present on a licensed excursion gambling boat, licensed
27 gambling structure, or in a licensed racetrack enclosure, or
28 from a person engaging in internet wagering. An internet wager
29 may be placed from any location within this state or from
30 any other location where authorized by law, subject to any
31 requirements adopted by the commission.

32 5. A person under the age of twenty-one years shall not
33 engage in internet wagering or make or attempt to make a wager
34 on an excursion gambling boat, gambling structure, or in a
35 racetrack enclosure and shall not be allowed on the gaming

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

11 Sec. 11. Section 99F.12, subsection 2, Code 2011, is amended
12 to read as follows:

13 2. The licensee shall furnish to the commission reports
14 and information as the commission may require with respect to
15 the licensee's activities. The gross receipts and adjusted
16 gross receipts from gambling shall be separately handled and
17 accounted for from all other moneys received from operation of
18 an excursion gambling boat or from operation of a racetrack
19 enclosure or gambling structure licensed to conduct gambling
20 games. For an internet wagering licensee, the gross receipts
21 and adjusted gross receipts from internet wagering shall be
22 separately handled and accounted for from all other moneys
23 received from other licensed activities of the licensee. The
24 commission may designate a representative to board a licensed
25 excursion gambling boat or to enter a racetrack enclosure or
26 gambling structure licensed to conduct gambling games. The
27 representative shall have full access to all places within the
28 enclosure of the boat, the gambling structure, or the racetrack
29 enclosure and shall directly supervise the handling and
30 accounting of all gross receipts and adjusted gross receipts
31 from gambling. The representative shall supervise and check
32 the admissions. The compensation of a representative shall be
33 fixed by the commission but shall be paid by the licensee.

34 Sec. 12. Section 99F.12, Code 2011, is amended by adding the
35 following new subsection:

1 NEW SUBSECTION. 2A. a. An internet wagering licensee
2 shall, in addition to the books and records otherwise required
3 by this section, make the following information available to
4 the commission upon request:

5 (1) Monthly auditable and aggregate financial statements of
6 internet wagering transactions.

7 (2) Calculation of all fees payable to government.

8 (3) The identity of registered players.

9 (4) The balance on a registered player's account at the
10 start of a session of play.

11 (5) The wagers placed on each game time stamped by the games
12 server.

13 (6) The result of each game time stamped by the games
14 server.

15 (7) The amount won or lost by a registered player.

16 (8) The balance on a registered player's account at the end
17 of the game.

18 b. Information described in paragraph "a", subparagraphs (3)
19 through (8), shall be confidential.

20 Sec. 13. Section 99F.15, subsection 3, Code 2011, is amended
21 to read as follows:

22 3. A Except for internet wagering conducted as authorized
23 by this chapter, a person wagering or accepting a wager at
24 any location outside an excursion gambling boat, gambling
25 structure, or a racetrack enclosure is in violation of section
26 725.7.

27 Sec. 14. Section 99F.15, subsection 4, unnumbered paragraph
28 1, Code 2011, is amended to read as follows:

29 A person commits a class "D" felony and, in addition, shall
30 be barred for life from internet wagering, excursion gambling
31 boats, and gambling structures under the jurisdiction of the
32 commission, if the person does any of the following: