



Regulatory Oversight

COMMERCIAL GAMING

Governing Body: The Iowa Racing and Gaming Commission (IRGC) administers the laws and regulations regarding commercial casino operations, including sports betting. The IRGC also oversees pari-mutuel wagering at racetracks. The commission is made up of five members appointed by the governor subject to confirmation by the state Senate to serve three-year terms.

TRIBAL GAMING

Governing Body: Iowa has four compacted tribes: the Omaha Tribe of Nebraska, the Sac & Fox Tribe of the Mississippi in Iowa, the Winnebago Tribe of Nebraska, and the Ponca Tribe of Nebraska. The compacts for all four tribes are substantially similar.

Each tribe is required to regulate gambling through their tribal gaming commission. The Director of the Iowa Department of Inspections and Appeals is given limited regulatory authority to ensure compliance with the compacts and applicable state laws.

Each compact permits the tribe to contract with a management contractor to operate Class III gaming.

Three of the compacts were originally negotiated in 1992 but were re-negotiated in October and November 2004. Each of these compacts remain in effect, unless terminated due to breach or mutual agreement, as follows:

Omaha Tribe: Expired December 30, 2014 and will renew automatically successive eight-year terms unless either party gives notice of intent to renegotiate at least 12 months, but no more than 18 months, prior to the scheduled expiration of the existing term.

Sac & Fox Tribe: Expired December 2, 2019 and will renew automatically for successive fifteen-year terms unless either party gives notice of intent to renegotiate at least 6 months, but no more than 12 months, prior to the scheduled expiration of the existing term.

Winnebago Tribe: Expired December 31, 2012 and will renew automatically for successive eight-year terms unless either party gives notice of intent to renegotiate at least 12 months, but no more than 18 months, prior to the scheduled expiration of the existing term.

By contrast, the **Ponca Tribe of Iowa's** compact was negotiated and entered on December 4, 2020 and will remain effective through December 31, 2035. This compact will then renew automatically for successive eight-year terms unless either party gives notice of intent to renegotiate at least 12 months, but not more than 18 months, prior to the scheduled expiration of the existing term.



Licensing

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Operator: For a casino establishment to be operated in Iowa, there must be a qualifying sponsoring organization (i.e., a charitable organization) partnered with a gambling operator under an agreement that sees an average of 3 percent of adjusted gross receipts go to the charitable organization. The annual license fee for a riverboat or land-based license is based on capacity, which must be a minimum of 250 people. The fee is \$5 per person per capacity. Initial license fees are determined on the population of the county where a licensee is to conduct gaming. The initial license fees range from \$5m to \$20m.

A racetrack must be licensed to conduct pari-mutuel wagering in the state to conduct casino gaming. Additionally, the racetrack casinos must pay an annual \$1,000 fee to operate gaming.

However, in June 2022, Governor Kim Reynolds signed into law a two-year moratorium on the issuance of new casino licenses within Iowa which will effectively freeze Iowa's casino industry to its current 19 commercial casinos for the next two years.

Supplier License: All manufacturers and distributors of gambling games are required to apply for a license annually. The license fee for a distributor is \$1,000. The license fee for a manufacturer is \$250. Licenses must be renewed annually.

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Operator: Iowa has four compacted tribes: the Omaha Tribe of Nebraska, the Sac & Fox Tribe of the Mississippi in Iowa, the Winnebago Tribe of Nebraska, and the Ponca Tribe of Iowa. The Tribes are subject to individual operating costs as follows:

Regulatory Assessment Costs: Under the compacts, each tribe is required to pay an annual assessment "to defray the actual costs of the regulation of the tribe's Class III gaming." The fee varies by tribe. The Winnebago Tribe of Nebraska and the Omaha Tribe of Nebraska must pay an annual fee of \$40,000 while the Sac and Fox Tribe of the Mississippi in Iowa and the Ponca Tribe of Iowa must pay an annual fee of \$50,000. According to the terms of the compacts, the assessment fees will be increased each year "by a percentage equal to the percentage change in the Consumer Price Index as reported by the Bureau of Labor Statistics for the previous 12 months."

Escrow Account: The compacts require the tribes to establish an escrow account at an off-Settlement bank of its choosing. The escrow account is to reimburse state entities other than the Department of Inspections and Appeals for expenses incurred in performing regulatory activities under the compact. Under the terms of their compacts, the Winnebago Tribe of Nebraska is required to make an initial contribution of \$25,000 for the first year of their compact, the Omaha Tribe of Nebraska is required to make an initial contribution of \$10,000, and the Sac and Fox Tribe of the Mississippi in Iowa and Ponca Tribe of Iowa are required to make an initial contribution of \$100,000.

The compacts require the tribe to replenish the escrow account, but only as necessary to fund actual costs.



According to the terms of their compacts, payments made by the Omaha Tribe of Nebraska are capped at \$20,000. Payments made by the Winnebago Tribe of Nebraska are capped at \$50,000. Any funds not expended are property of the tribe.

Vendor: All gaming vendors must be licensed by the tribal gaming commission. Under the tribal gaming ordinances, gaming vendor includes “a manufacturer, distributor, contractor, seller, lessor or any other person or entity who contracts with the gaming enterprise...”

License fees are set by each tribe and are not listed in the tribal-state gaming compacts or gaming ordinances. However, representatives from the tribes have stated that application fees range from \$1150-

\$3000 and renewal fees range from \$0-\$1150.



Taxation & Tribal Revenue Sharing

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Gaming Tax Rate: Iowa has a graduated tax rate. A tax is imposed on the adjusted gross receipts received each fiscal year at the rate of 5 percent on the first \$1m and 10 percent on the next \$2m. For adjusted gross receipts of more than \$3m there is a 22 percent tax rate for a riverboat or a land-based casino and 24 percent tax rate for racetrack casinos. The city or county where a riverboat is docked may vote to impose an admission fee of no more than \$0.50 per person.

Tax Allocation: In Iowa, gaming taxes are allocated in the following manner:

Treasurer of host city	0.5% AGR
Treasurer of host county	0.5% AGR
County endowment	0.8% AGR
State miscellaneous	0.2% AGR
General Revenue Fund	Remaining Funds

Promotional Credits: Tax on promotional credits are determined by multiplying the adjusted percentage by wagering tax applicable to the licensee. The adjusted percentage is set as the following:

- 33.33 percent - for the fiscal year beginning July 1, 2024, and ending June 30, 2025.
- 16.66 percent - for the fiscal year beginning July 1, 2025, and ending June 30, 2026.
- Beginning July 1, 2026, there is no tax imposed on promotional credits.

Withholding Tax on Gambling Winnings: The state withholds five percent of gaming winnings.



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Revenue Share: Under the terms of their tribal-state gaming compact, the Winnebago Tribe must donate a minimum of \$200,000 each year for charitable purposes. The tribe may count their \$25,000 gambling addiction fee in the calculation of this payment.

In addition, the compacts require that within 30 days of receipt of a request from a local unit of government of neighboring counties, “the tribes shall in good faith commence negotiations and shall endeavor to reach agreement for payment of actual costs to help fund operations of the counties impacted by the tribe’s Class III gaming.”

State Use of Revenue: The state uses revenue from tribal gaming for charitable purposes and to help fund operations of the counties impacted by the tribe’s Class III gaming.

Tribal Use of Revenue: As required under IGRA, tribes must use tribal gaming funds:

1. To fund tribal government operations or programs;
2. To provide for the general welfare of the tribe and its members;
3. To promote tribal economic development;
4. To donate to charitable organizations; or
5. To help fund operations of local government agencies.

Withholding on Winnings: The state withholds 5 percent of gambling winnings. In addition, federal law may require tribal casinos to issue a W-2G form to persons and may withhold winnings if certain conditions are met. For more information click [here](#).



Responsible Gaming

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Statutory Funding Requirement: Contributions by commercial casinos to the responsible gaming are capped at \$6m.

Self-exclusion: The Iowa Code requires licensees to establish a process to allow a person to be voluntarily excluded from gambling facilities, including casinos, riverboat casinos and racetracks. Casino patrons may choose to self-exclude for a period of five years or life. The state and licensees are not liable for claims arising from the self-exclusion process. The state requires that winnings cannot be paid to a voluntarily excluded person, but instead should be deposited into the general fund. The exclusion program is state- wide, meaning that someone can request to be banned from all casinos. However, if someone signed up for an “in-house” exclusion program they are not automatically put on the state-wide list.

Alcohol use: Iowa commercial casinos may offer complimentary alcohol.

Advertising Restrictions: Commercial casino licensees shall include information on the availability of the



gambling treatment program in a substantial number of its advertisements and printed materials. In addition, Iowa regulations require that licensees conduct advertising and public relations activities in accordance with decency, dignity, good taste, and honesty.

On-Premise Display Requirement: Regulations state a licensee may be required to conspicuously place responsible gaming information on their premises.

Restrictions on Minors on the Gambling Premises: A patron must be at least 21 years of age to enter the gaming floor.

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Statutory Funding Requirement: The tribal-state gaming compacts require each of the tribes to contribute a portion of gambling revenue to gambling addiction programs. Under the compacts, the Winnebago Tribe of Nebraska must pay an annual assessment of \$25,000, the Omaha Tribe of Nebraska must pay an annual assessment of \$10,000, and the Sac and Fox Tribe of the Mississippi in Iowa and Ponca Tribe of Iowa must pay an annual assessment of \$50,000.

Self-exclusion: There are no mandatory self-exclusion requirements outlined in the tribal gaming ordinances or tribal-state gaming compacts. However, all four tribes offer self-exclusion programs at their respective casinos.

Complimentary Alcoholic Drinks: Complimentary alcoholic beverages are not served at tribal casinos in Iowa.

Advertising Restrictions: There are no advertising restrictions.

On-Premise Display Requirement: There are no on-premise display requirements outlined in the tribal-state gaming compacts or tribal gaming ordinances.

Prevention of Underage Gambling: No person under 21 years of age may take part in gambling at the state's tribal casinos.

Operation on Holidays: Tribal casinos in the state may operate 24 hours a day, seven days a week, including on holidays.



Other Regulations

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Testing Requirements: The commission shall designate up to two independent testing facilities for the purpose of certifying electronic gambling games or implementing gambling.

AML Requirements: Under federal U.S. law, commercial casino operators, tribal gaming operators and card clubs are required to comply with various statutes to prevent money laundering activities and other financial crimes, including terrorism financing.

Shipping Requirements: Before transporting gaming equipment in the state, notice must be filed with the IRGC.



Credit offered to Patrons: Credit is not offered to patrons.

Political Contributions: Those with interests in the state's gambling boats may not contribute to political parties.

Smoking Bans: State-licensed gaming facilities are exempted from the Iowa Smokefree Air Act and may be permitted to offer smoking on their premises.

Cashless Gaming & Alternative Payments: Cashless wagering systems where patrons access a cash account through a mobile application used by the licensee to conduct cashless wagering are expressly permitted pursuant to a June 2022 law. However, Iowa does not currently accept cryptocurrency as a form of payment for gambling transactions.

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Testing Requirements: The compacts require that "prior to installation and use of a gambling device, the tribe or the commission shall inspect, test and consider the gambling device for its approval." If an identical gambling device is currently approved for use by the Iowa Racing and Gaming Commission, the tribe or the tribal gaming commission may waive the inspection and testing requirements.

AML requirements: Under federal U.S. law, commercial casino operators, tribal gaming operators and card clubs are required to comply with various statutes to prevent money laundering activities and other financial crimes, including terrorism.

Shipping Requirements: Under federal U.S. law, all gambling devices and all packages containing gambling devices, when shipped or transported, must be plainly and clearly labeled and marked so that the name and address of the shipper and the consignee and the contents of the package may be readily ascertained on an inspection of the package.

Restrictions on Political Contributions: There are no compact restrictions on political contributions from parties with gaming interests. Under federal law, tribes are considered "persons" and are subject to regulation by the Federal Election Commission when making federal contributions.

Credit: Tribal casinos in Iowa may not extend credit. Play must be for cash only, although tribes may offer check cashing and credit card transactions, including cash advances.

Smoking Bans: Tribal gaming facilities in Iowa are not subject to a smoking ban.

Cashless Gaming & Alternative Payments: Cashless wagering systems where patrons access a cash account through a mobile application used by the licensee to conduct cashless wagering are expressly permitted pursuant to a June 2022 law. However, Iowa does not currently accept cryptocurrency as a form of payment for gambling transactions.



Sports Betting

Authorized Operators: Iowa's 19 casinos and racinos may apply for a sports wagering license from the Iowa Racing and Gaming Commission.

Mobile/Online: Licensed sports wagering operators may enter into agreements with an advance deposit sports wagering operator to offer online and mobile wagering to customers within Iowa's borders.

Taxes and Fees: The initial fee for a sports betting license is \$45,000. Licenses may be renewed annually for \$10,000.

Sports wagering net receipts are subject to a tax of 6.75 percent. In addition, operators must submit 0.75 percent of gross gaming revenue (GGR) for charitable causes. Additionally, wagers are subject to a 0.25 percent federal excise tax on handle. See 26 U.S.C. §§ 4401.

Amateur Restrictions: State law prohibits proposition bets (i.e., based on the performance or nonperformance of an individual athlete participating in a single game or match) involving in-state college teams.

The law also prohibits betting on minor league sports events and any athletic event of an interscholastic sport, defined as "any educational institutions that are not community colleges, colleges, or universities."

Tax on Promotional Credits: Under Section 99F.11(3) of Iowa's Code, the tax rate imposed on a licensee each fiscal year on any amount of promotional play receipts on gambling games included as adjusted gross receipts must be determined by multiplying the adjusted percentage by the applicable wagering tax.

The tax rate imposed each fiscal year on adjusted gross receipts up to \$1m is set at 5 percent.

The tax rate imposed each fiscal year on adjusted gross receipts over \$1m but below \$3m is set at 10 percent.

The tax rates imposed each fiscal year on any amount of adjusted gross receipts over \$3m are as follow:

- Licensee is an excursion gambling boat or gambling structure: 22 percent.
- Licensee is a racetrack enclosure conducting gambling games, and another licensee that is an excursion gambling boat or gambling structure is located in the same county:
 - If the licensee of the racetrack enclosure has not been issued a table games license during the fiscal year or if adjusted gross receipts for the licensee in the prior fiscal year were less than \$100m: 22 percent.
 - If the licensee of the racetrack enclosure has been issued a table games license during the fiscal year or prior fiscal year, and the adjusted gross receipts for the licensee in the prior fiscal year were \$100m or more:
 - 22 percent on adjusted gross receipts received prior to the operational date.
 - 24 percent on adjusted gross receipts received on or after the operational date.
 - The operational date is considered to be the date the Iowa Racing and Gaming Commission determines table games became operational at the racetrack enclosure.
- Licensee is a racetrack enclosure conducting gambling games and no licensee that is an excursion boat or gambling structure is located in the same county: 24 percent.



For the purposes of calculating the tax on promotional credits, the adjusted percentage is determined as follows:

- For the fiscal year beginning July 1, 2024, and ending June 30, 2025: 33 and 1/3 percent
- For the fiscal year beginning July 1, 2025, and ending June 30, 2026: 16 and 2/3 percent
- For the fiscal year beginning July 1, 2026, and subsequent fiscal years, no tax on promotional credits is imposed.

Age Restrictions: Patrons must be at least 21 years old to place a sports wager.