

Stricken language would be deleted from and underlined language would be added to present law.
Act 1075 of the Regular Session

State of Arkansas *As Engrossed: H3/14/17 H3/16/17 S3/30/17*
91st General Assembly
Regular Session, 2017

A Bill

HOUSE BILL 2250

By: Representative Gazaway

For An Act To Be Entitled

AN ACT CONCERNING PAID FANTASY SPORTS GAMES; AND FOR
OTHER PURPOSES.

Subtitle

CONCERNING PAID FANTASY SPORTS GAMES.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 19-6-201, concerning the enumeration of general revenues, is amended to add an additional subdivision to read as follows:

(73) Paid fantasy sports games tax, § 23-116-104.

SECTION 2. Arkansas Code Title 23 is amended to add an additional chapter to read as follows:

CHAPTER 116

PAID FANTASY SPORTS GAMES

Subchapter 1 – General Provisions

23-116-101. Legislative findings.

(a) The General Assembly finds that a paid fantasy sports game conducted in compliance with this chapter does not constitute gambling for any purpose.

(b) Paid fantasy sports games conducted in compliance with this chapter are exempt from § 5-66-101 et seq.



23-116-102. Definitions.

As used in this subchapter:

(1) "Game operator" means a person who:

(A) Is engaged in the business of professionally conducting paid fantasy sports games for cash prizes for members of the general public; and

(B) Requires cash or a cash equivalent as an entry fee to be paid by a member of the general public who participates in a paid fantasy sports game;

(2) "Game participant" means an individual who participates in a paid fantasy sports game offered by a game operator;

(3) "Gross paid fantasy sports game revenues" means the amount equal to the total of all entry fees that a game operator collects from all game participants, less the total of all sums paid out as prizes to all game participants, multiplied by the location percentage for this state;

(4) "Location percentage" means, for each paid fantasy sports game, the percentage rounded to the nearest tenth of a percent of the total of entry fees collected from game participants located in this state, divided by the total of entry fees collected from all game participants in paid fantasy sports games;

(5) "Paid fantasy sports game" means any fantasy sports game or contest that meets the following conditions:

(A) The values of all prizes and awards offered to winning game participants in public contests are established and made known to the game participants in advance of the game or contest;

(B) All winning outcomes reflect the relative knowledge and skill of the game participants and are determined predominantly by accumulated statistical results of the performance of individual athletes in actual sporting events;

(C) A winning outcome is not based on the score, point spread, or performance or performances of any single team or combination of teams or solely on any single performance of an individual athlete or player in any single event;

(D) The statistical results of the performance of individuals under subdivision (5)(B) of this section are not based on college or high school sports or on horse racing or greyhound

racing;

(E) A paid fantasy sports game participant is not permitted to select an athlete through an automatic draft that does not involve any input or control by the paid fantasy sports game participant or to choose preselected teams of athletes;

(F) A winning outcome is determined by accumulated statistical results of fully completed contests or events and not merely a portion of a contest or event, except that a paid fantasy sports game participant may be credited for statistical results accumulated in a suspended or shortened contest or event that has been suspended or shortened on account of weather or other natural or unforeseen event; and

(G)(i) Each paid fantasy sports participant is required to pay an entry fee to participate.

(ii) Payment under subdivision (5)(G)(i) of this section shall be with cash or a cash equivalent and is not gambling for the purposes of § 5-66-101 et seq.; and

(6) "Person" means any association, corporation, limited liability company, fiduciary, individual, joint stock company, joint venture, partnership, sole proprietorship, or other private legal entity.

23-116-103. Paid fantasy sports games authorized.

A game operator is authorized to conduct paid fantasy sports games through one (1) or more websites or platforms maintained and operated by the game operator.

23-116-104. Tax on paid fantasy sports games.

(a) A game operator shall pay a tax for the privilege of conducting paid fantasy sports games under this chapter in an amount of eight percent (8%) of the game operator's gross paid fantasy sports game revenues from the previous state fiscal year.

(b) The special privilege tax levied in subsection (a) of this section shall be:

(1) Reported and remitted to the Department of Finance and Administration on a quarterly basis through the Arkansas Taxpayer Access Point or its successor on forms prescribed by the Director of the Department of Finance and Administration; and

(2) Subject to the Arkansas Tax Procedure Act, § 26-18-101 et seq.

(c) The director shall promulgate rules to administer the tax levied under this section.

/s/Gazaway

APPROVED: 04/07/2017