

State of Arkansas
92nd General Assembly
Regular Session, 2019

A Bill

HOUSE BILL 1859

By: Representatives Perry, L. Johnson

By: Senator Hickey

For An Act To Be Entitled

AN ACT TO REQUIRE A LOTTERY RETAILER TO POST A BOND OF A CERTAIN AMOUNT; TO REQUIRE THE OFFICE OF THE ARKANSAS LOTTERY TO ESTABLISH A SEPARATE ACCOUNT IN WHICH BOND FEES SHALL BE DEPOSITED; TO REPEAL THE ESTABLISHMENT OF A SEPARATE FIDELITY FUND; TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

TO REQUIRE A LOTTERY RETAILER TO POST A BOND; TO REQUIRE THE OFFICE OF THE LOTTERY TO ESTABLISH A SEPARATE ACCOUNT FOR BOND FEES; TO REPEAL THE ESTABLISHMENT OF A SEPARATE FIDELITY FUND; AND TO DECLARE AN EMERGENCY.

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

SECTION 1. Arkansas Code § 23-115-603 is amended to read as follows:

23-115-603. ~~Fidelity fund—Retailer fee—~~ Bond account for deposit of bond fees — Reserve account to cover losses — Retailer bond.

(a)(1) The Office of the Arkansas Lottery shall require a retailer to post a bond in a sufficient amount as determined by the office ~~establish a fidelity fund separate from all other funds and shall assess each retailer an annual fee not to exceed one hundred dollars (\$100) per sales location to be deposited into the fidelity fund.~~

(2) The amount of the bond under subdivision (a)(1) of this



section shall not exceed two hundred dollars (\$200).

(3) The office shall establish a separate account into which bond fees shall be deposited.

~~(2)(4)~~ Moneys deposited into the ~~fidelity fund~~ bond account may be:

(A) Invested or deposited into one (1) or more interest-bearing accounts;

(B) Used to cover losses the office experiences due to nonfeasance, misfeasance, or malfeasance of a retailer; and

(C) Used to purchase blanket bonds covering the office against losses from all retailers.

~~(3)(5)~~ At the end of each fiscal year, the office shall pay to the trust account managed and maintained by the Department of Higher Education any amount in the ~~fidelity fund~~ bond account established under subdivision (a)(3) of this section that exceeds five hundred thousand dollars (\$500,000), and the funds shall be considered net proceeds from a lottery.

(b)(1) A reserve account may be established as a general operating expense to cover amounts deemed uncollectable.

(2) The office shall establish procedures for minimizing any losses that may be deemed uncollectable and shall exercise and exhaust all available options in those procedures before writing off amounts to ~~this account~~ the reserve account that may be established under subdivision (b)(1) of this section.

~~(c)(1) The office shall require a retailer to post an appropriate bond, as determined by the office.~~

~~(2) If applicable, the amount of the bond shall not exceed the district sales average of tickets for two (2) billing periods.~~

~~(d)(1) In its discretion, the office may allow a retailer to deposit and maintain with the office securities that are interest bearing or accruing.~~

~~(2) Securities eligible under this subsection are limited to:~~

~~(A) Certificates of deposit in an amount fully insured by the Federal Deposit Insurance Corporation issued by solvent banks or savings associations organized and existing under the laws of this state or under the laws of the United States;~~

~~(B) United States Government bonds, notes, and bills for~~

~~which the full faith and credit of the United States Government is pledged for the payment of principal and interest; or~~

~~(C) Federal agency securities by an agency or instrumentality of the United States Government.~~

~~(3) The securities shall be held in trust in the name of the office.~~

SECTION 2. TEMPORARY LANGUAGE. DO NOT CODIFY. Transfer of funds - Rules.

On the effective date of this act, the balance of funds remaining in the fidelity fund of the Office of the Arkansas Lottery shall be transferred to the office's bond account established under § 23-115-603.

SECTION 3. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that to optimize scholarship dollars for the upcoming academic year, it is necessary to combine two funds in a timely manner; that excess funds from the combined new fund under this act must be transferred into the scholarship fund at the end of the current fiscal year; and that this act is immediately necessary to ensure that the excess funds from the combined new fund can be transferred to a separate fund before the end of the current fiscal year for purposes of awarding scholarships. Therefore, an emergency is declared to exist, and this act being necessary for the preservation of the public peace, health, and safety shall become effective on July 1, 2019.