

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas
92nd General Assembly
Regular Session, 2019

A Bill

SENATE BILL 669

By: Senator Bond

For An Act To Be Entitled

AN ACT PERMITTING LICENSED ON-SITE AND ELECTRONIC WAGERING ON ATHLETIC EVENTS BY CERTAIN ENTITIES; TO ESTABLISH LICENSES TO CONDUCT WAGERING ON ATHLETIC EVENTS TO BE AWARDED BY THE ARKANSAS RACING COMMISSION; TO REQUIRE THE PROMULGATION OF RULES; TO ESTABLISH AN ATHLETIC EVENT WAGERING PREMIUM AND DEDICATE THE TAX REVENUE FOR AFFORDABLE JOB TRAINING, VOCATIONAL-TECHNICAL EDUCATION, AND TWO-YEAR AND FOUR-YEAR HIGHER EDUCATION FOR ARKANSANS; TO CERTAIN ENTITIES AND FOR CERTAIN PURPOSES; AND FOR OTHER PURPOSES.

Subtitle

PERMITTING LICENSED ON-SITE AND ELECTRONIC WAGERING ON ATHLETIC EVENTS BY CERTAIN ENTITIES.

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

SECTION 1. DO NOT CODIFY. Legislative intent.

It is the intent of the General Assembly for this act to provide for licensure of up to four (4) athletic event wagering facilities to be located in parts of the state not otherwise serviced by a casino authorized under The Arkansas Casino Gaming Amendment of 2018, Arkansas Constitution, Amendment 100.

SECTION 2. Arkansas Code Title 5, Chapter 66, Subchapter 1, is amended



to add an additional section to read as follows:

5-66-121. Acts under the Athletic Event Wagering Act of 2019, § 23-117-101 et seq.

This chapter does not apply to an act permitted under the Athletic Event Wagering Act of 2019, § 23-117-101 et seq.

SECTION 3. Arkansas Code Title 23 is amended to add an additional chapter to read as follows:

Chapter 117

Athletic Event Wagering Act of 2019

Subchapter 1 – General Provisions

23-117-101. Title.

This chapter shall be known and may be cited as the "Athletic Event Wagering Act of 2019".

23-117-102. Applicability.

This chapter is supplemental to The Arkansas Casino Gaming Amendment of 2018, Arkansas Constitution, Amendment 100.

23-117-103. Conflicts.

Except as otherwise authorized by section 3(c) of The Arkansas Casino Gaming Amendment of 2018, Arkansas Constitution, Amendment 100, any conflict between The Arkansas Casino Gaming Amendment of 2018, Arkansas Constitution, Amendment 100, and this chapter are governed by The Arkansas Casino Gaming Amendment of 2018, Arkansas Constitution, Amendment 100.

23-117-104. Adoption of chapter for rulemaking.

(a) To the extent permitted by The Arkansas Casino Gaming Amendment of 2018, Arkansas Constitution, Amendment 100, this chapter may be adopted by the Arkansas Racing Commission to establish rules governing the operation of sporting event wagering as authorized under The Arkansas Casino Gaming Amendment of 2018, Arkansas Constitution, Amendment 100.

(b) However, a licensee under this chapter is separate and distinct from a licensee as described under The Arkansas Casino Gaming Amendment of

2018, Arkansas Constitution, Amendment 100.

23-117-105. Definitions.

As used in this chapter:

(1)(A) "Athletic event" means a game or contest, or a series of games or contests that constitute a season or tournament, in whole or in part, that involves a sport, athletic effort, or particular skill between persons or teams that attempt to win the contest against other persons or teams, as determined by the rules of the sanctioning body of the athletic event.

(B) "Athletic event" includes:

(i) Games or contests between persons or teams that are members at the time of the athletic event of any one (1) of the following professional associations and that compete in a game or contest sanctioned by the professional association:

(a) The National Football League;

(b) Major League Baseball or Minor League Baseball;

(c) The National Basketball Association or the Women's National Basketball Association;

(d) Major League Soccer;

(e) The National Hockey League;

(f) The National Association for Stock Car Auto Racing or IndyCar;

(g) The Professional Golfers' Association or the Professional Golfers' Association of America;

(h) The Professional Bowlers Association;

(i) The International Boxing Federation, the World Boxing Association, the World Boxing Council, or the World Boxing Organization;

(j) The Federation Internationale de Football Association, if the athletic event involves teams that wholly consist of professional athletes;

(k) The Association of Tennis Professionals or the Women's Tennis Association; or

(l) The Ultimate Fighting Championship;

(ii) Games or contests between persons or teams that are members at the time of the athletic event of any one (1) of the following amateur associations and that compete in a game or contest sanctioned by the amateur association:

(a) The National Collegiate Athletic Association;

(b) The National Association of Intercollegiate Athletics; or

(c) The International Olympic Committee; and

(iii) An amateur game or contest as determined by the Arkansas Racing Commission.

(C) "Athletic event" does not include:

(i) An interscholastic game or contest in which the participating contestants are elementary or secondary school students of any public or private school;

(ii) A game or contest sponsored or regulated by the Arkansas Activities Association or other similar amateur association in this state or another state;

(iii) An athletic game or contest in which any of the participants are under eighteen (18) years of age;

(iv) Pari-mutuel wagering on horse racing or dog racing, except as otherwise permitted by law by a franchisee under the Arkansas Horse Racing Law, § 23-110-101 et seq., or the Arkansas Greyhound Racing Law, § 23-111-101 et seq.;

(v) An event sanctioned by the Special Olympics;

(vi) An event sanctioned by World Wrestling

Entertainment;

(vii) An event sanctioned by the American Kennel

Club; or

(viii) An event broadcast on television or other media that is ostensibly a contest with in-person judges or that may incorporate fan judging but that is more suitably described as entertainment;

(2) "Athletic event wager" means a wager at an athletic event wagering facility or through an interactive athletic event wagering platform on the outcome of an athletic event or a combination of athletic events or portions of athletic events, or on the individual performance statistics of

participating athletes in an athletic event or combination of athletic events, by any system or method of wagering, including without limitation:

- (A) Single-game or single-event wagers;
- (B) Teaser wagers;
- (C) Parlay wagers;
- (D) Over-under wagers;
- (E) Common pools;
- (F) Exchange wagers, as that term is commonly understood;
- (G) In-game wagers;
- (H) In-play wagers;
- (I) Proposition wagers;
- (J) Straight wagers; and
- (K) Moneyline wagers;

(3) "Athletic event wagering" means the placing of an athletic event wager;

(4) "Athletic event wagering facility" means a facility operated by a licensee under this chapter where athletic event wagering is conducted;

(5) "Common pool" means a wager in which a person pays an entry fee to attempt to predict the result of a particular athletic event with other persons who have paid an entry fee and in which the entry fees are distributed to the winner or winners, or to a predetermined third party, as determined by the preset rules or conditions established in advance;

(6) "Gross athletic event wagering revenue" means the total of cash or cash equivalents a licensee receives from athletic event wagering, less:

(A) Cash or cash equivalents paid to customers as winnings from athletic event wagering;

(B) Cash or cash equivalents paid to purchase annuities to fund prizes payable to customers over a period of time as a result of athletic event wagering;

(C) The actual cost paid by the licensee for any personal property or services awarded to customers as prizes for winning athletic event wagers; and

(D) Integrity fees remitted to a professional or amateur athletic association;

(7) "In-game wager" means a wager on the outcome of an athletic

event that has already started;

(8) "In-play wager" means a wager on the outcome of certain events that occur throughout an athletic event;

(9) "Interactive athletic event wagering platform" means a person or entity that:

(A) Physically resides or is located and has a principal place of business in this state that offers athletic event wagering over the internet, including on a website or a handheld electronic device capable of accessing the internet; and

(B) Is either:

(i) A licensee; or

(ii) Under contract with a licensee to offer athletic event wagering in the manner described in subdivision (9)(A) of this section on behalf of the licensee;

(10)(A) "Licensee" means an entity that has successfully bid at public auction on a license to operate an athletic event wagering facility under this chapter.

(B) "Licensee" does not include a casino licensee as defined under The Arkansas Casino Gaming Amendment of 2018, Arkansas Constitution, Amendment 100, or a professional bookmaker's permit as used under this chapter;

(11) "Moneyline wager" means a wager a person places on another person or team to win an athletic event outright;

(12) "NCAA bracket pool" means a common pool in which entrants attempt to predict the winners of all the games in the annual amateur basketball tournament sanctioned by the National Collegiate Athletic Association, otherwise known as "March Madness";

(13) "Over-under wager" means a wager in which a person attempts to predict a number for a statistic in a given athletic event and the person wagers whether the actual number in the athletic event will be either higher or lower than that number;

(14) "Parlay wager" means a single wager that links together two (2) or more individual wagers and is dependent on all of those wagers winning together;

(15)(A) "Participating athlete" means a person participating in an athletic event that is subject to athletic event wagering.

(B) "Participating athlete" includes:

(i) A player on a team or partnership, whether or not the player plays during the athletic event;

(ii) A coach, instructor, or trainer of a player or team participating in the athletic event;

(iii) A referee, umpire, or other official involved in enforcing the rules of the athletic event; and

(iv) An owner or shareholder of a professional sports team who, because of an employment or contractual relationship with a player or coach, has the ability to:

(a) Influence the player or coach;

(b) Terminate the player or coach from employment; or

(c) Sever the contractual relationship with the player or coach;

(16) "Point spread" means the forecast of the number of points by which a stronger team is expected to defeat a weaker team;

(17) "Professional or amateur athletic association" is an association as described in subdivision (1)(B) of this section;

(18) "Proposition wager" means a wager made regarding the occurrence or non-occurrence during an athletic event of an action not directly affecting the outcome of the athletic event;

(19) "Straight wager" means a wager on a single athletic event that carries a point spread, a total, or a moneyline;

(20)(A) "Teaser wager" means a wager that allows the person to combine his or her wagers on two (2) or more different athletic events.

(B) "Teaser wager" may also include an adjustment of the point spreads for the athletic events that the person realizes may result in a lower return on the teaser wager in the event of a win; and

(21)(A) "Wager" means the staking or risking by a person of something of value upon an agreement or understanding that the person or another person or entity will receive something of value in the event of a certain outcome.

(B) "Wager" does not include:

(i) Any activity governed by the securities laws of the United States or this state;

(ii) A contract of indemnity or guarantee;
(iii) A contract for insurance; or
(iv) Participation in an event, game, or contest in which the participants do not stake or risk anything of value other than personal efforts of the participants in playing the event, game, or contest or obtaining access to the internet or points or credits that the sponsor of the event, game, or contest provides to participants free of charge and that can be used or redeemed only for participation in events, games, or contests offered by the sponsor.

23-117-106. Licensing and administration.

(a)(1)(A) The Arkansas Racing Commission may publicly auction up to four (4) but shall publicly auction no fewer than two (2) licenses that permit the licensee to offer athletic event wagering at an athletic event wagering facility or through an interactive athletic event wagering platform, or both.

(B) An entity that bids on a license under this section shall be required to show that the locality where the proposed athletic event wagering facility is to be located has gained local governmental approval for its proposed operation.

(2)(A) A county shall not have more than one (1) licensee operating an athletic event wagering facility.

(B) A licensee may not own or operate an athletic event wagering facility in a county that operates a casino as defined under The Arkansas Casino Gaming Amendment of 2018, Arkansas Constitution, Amendment 100.

(3) The licenses auctioned under this chapter shall meet the following criteria:

(A) One (1) license shall be publicly auctioned to an entity in Pulaski County;

(B) One (1) license shall be publicly auctioned to an entity as determined by the commission in a county that has a population of more than twenty-five thousand (25,000), as determined by the most recent federal decennial census, that is:

(i) Located at least seventy-five (75) miles away from the nearest casino as authorized under The Arkansas Casino Gaming

Amendment of 2018, Arkansas Constitution, Amendment 100; and

(ii) Is located in a geographical area not otherwise serviced by a casino as authorized under The Arkansas Casino Gaming Amendment of 2018, Arkansas Constitution, Amendment 100; and

(C) One (1) license may be publicly auctioned to an entity as determined by the commission in a county that has a population of more than fifteen thousand (15,000), as determined by the most recent federal decennial census, that is:

(i) Located at least seventy-five (75) miles away from the nearest casino as authorized under The Arkansas Casino Gaming Amendment of 2018, Arkansas Constitution, Amendment 100; and

(ii) Is located in a geographical area not otherwise serviced by a casino as authorized under The Arkansas Casino Gaming Amendment of 2018, Arkansas Constitution, Amendment 100.

(4)(A) An entity desiring to bid on a license at a public auction under this chapter shall submit an application, the form of which is to be determined by the commission, along with an application fee of one thousand dollars (\$1,000), half of which shall be refunded to the applicant should the applicant be unsuccessful in being a successful bidder for a license.

(B) Revenues generated by the application fee under subdivision (a)(4)(A) of this section shall be apportioned as follows:

(i) Twenty percent (20%) to the commission for operating expenses; and

(ii) Eighty percent (80%) of the revenues to be deposited into the State Treasury as general revenues.

(C) A license publicly auctioned under this chapter shall be placed up for public auction every five (5) years.

(5)(A) A licensee shall not have as part of the ownership group, as a shareholder, or as part of the proposed management team an person who:

(i) Is not a full-time resident of the state;

(ii) Has been convicted of a felony; or

(iii) Owns, operates, or is in any way involved with, contractually or otherwise, a casino as authorized under The Arkansas Casino Gaming Amendment of 2018, Arkansas Constitution, Amendment 100.

(B) A licensee may contract with an out-of-state vendor,

group, existing business with expertise in athletic event wagering, or other consultant or consulting group to begin and establish operations as long as that entity does not at the time or in the future possess an ownership interest in the license or an interest in the licensee's management operations or a casino as authorized under The Arkansas Casino Gaming Amendment of 2018, Arkansas Constitution, Amendment 100.

(6) A licensee shall not have an ownership interest or be involved in the management or operation of more than one (1) licensed athletic event wagering facility at one (1) time.

(7)(A)(i) A license that is publicly auctioned by the commission that is not acted upon or that has not been used within twelve (12) months shall be forfeited, at which time the commission may place the license for for public auction under the same criteria as set out in this section.

(ii) As used in this subsection, "not acted upon or that has not been used" means that the athletic event wagering facility operated by the licensee has not been open to the public eight (8) hours a day for at least one-half (1/2) of the days of a calendar month.

(B) The commission may rescind, suspend, or revoke a license if the licensee does not meet, or ceases to meet, the requirements for the issuance of a license under this chapter.

(8) Licenses publicly auctioned by the commission under this chapter are nontransferable except as permitted by the commission.

(b) The commission shall adopt rules with the assistance and approval of the Department of Finance and Administration that are consistent with the intent of this chapter to govern the auctioning of licenses, operation of licensees, athletic event wagering facilities, and interactive athletic event wagering platforms and shall specifically address and adopt rules concerning the following matters:

(1) The requirements to maintain a license in good standing, as well as acts or omissions that would result in the rescission, revocation, or suspension of a license;

(2) The standards for, procedures for, and types of athletic event wagering permitted to be offered by a licensee, including the:

(A) System of wagering;

(B) Manner in which athletic event wagers are received and payouts are remitted; and

(C) Establishment of how point spreads, lines, or odds are determined;

(3) The creation and regulation of:

(A) Different types of permissible athletic event wagers;

(B) Paid fantasy sports games under § 23-116-101 et seq.;

and

(C) A statewide NCAA bracket pool to benefit the Athletic Event Wagering Fund;

(4)(A) The establishment of a professional bookmaker's permit required of all persons involved in the management of an athletic event wagering facility.

(B) As part of the professional bookmaker's permit requirement, the commission shall adopt standards concerning the professional bookmaker's permit fee and duration, education and training, security requirements, background check and good character requirements, and insurance and bond requirements;

(5) Notice requirements for minimum and maximum wagers;

(6) The conditions under which all permissible athletic event wagering is conducted;

(7) The regulation and maintenance of athletic event wagering by licensees that is of the highest quality and free from any corrupt, incompetent, dishonest, or unprincipled practices;

(8) The method for calculating gross athletic event wagering revenue and standards for the daily accounting and recording of cash and cash equivalents received in the conduct of athletic event wagering, to include:

(A) Methods of internal financial controls;

(B) How financial records are to be maintained; and

(C)(i) Audit procedures and frequencies of audits.

(ii)(a) Periodic and systematic audits shall be performed by a third party as determined by the commission.

(b) Arkansas Legislative Audit shall review and report on a licensee's operations upon request by the General Assembly;

(9) Compulsive and problem gambling standards pertaining to athletic event wagering;

(10) Standards prohibiting persons under eighteen (18) years of age from participating in athletic event wagering;

(11) Limitations on locations for athletic event wagering facilities that are not already required by law;

(12) The establishment and operation of athletic event wagering through interactive athletic event wagering platforms; and

(13) Standards concerning advertising by licensees, including without limitation requirements that advertisements and marketing initiatives:

(A) Not target minors or other persons who are ineligible to place wagers, problem gamblers, or other vulnerable persons;

(B) Disclose the identity of the licensee;

(C) Provide information about or links to resources relating to gambling addiction; and

(D) Not be otherwise false, misleading, or deceptive to a reasonable consumer.

23-117-107. Third-party interactive athletic event wagering platform – Requirements – Fees.

(a) If a licensee is approved to operate as an interactive athletic event wagering platform as part of the licensee’s initial licensure publicly auctioned by the Arkansas Racing Commission, the licensee may contract with a third party to operate as an interactive athletic event wagering platform on behalf of the licensee, subject to rules promulgated by the commission and the Department of Finance and Administration.

(b)(1) A third-party interactive athletic event wagering platform that is publicly auctioned by the commission shall pay to the commission an annual operation fee of ten thousand dollars (\$10,000).

(2) The annual operation fees collected under this subsection shall be distributed in the same manner as the application fees under § 23-117-106(a)(4)(B).

(c) The performance of any act required, or the forbearance of any act prohibited, under this chapter or otherwise provided by law, by a third-party interactive athletic event wagering platform is imputed to the licensee on behalf of which the third-party interactive athletic event wagering platform is operating, and vice versa.

23-117-108. Licensee obligations – Consumer protections.

A licensee shall:

(1) Verify that a person placing an athletic event wager is of the legal minimum age for placing the athletic event wager;

(2) Allow a person to restrict himself or herself from placing athletic event wagers with the licensee, including by means of athletic event wager limits, and take reasonable steps to prevent that person from placing athletic event wagers, including, upon request of the person, sharing the request with the Arkansas Racing Commission for the sole purpose of disseminating the request to other licensees;

(3)(A) Conduct background checks through the Department of Arkansas State Police on newly hired employees and annual background checks through the department on all existing employees.

(B) A background check under this section shall search for criminal history and any charges or convictions involving corruption or manipulation of athletic events and any association with organized crime;

(4) Employ commercially reasonable methods to:

(A) Prohibit the licensee, ownership group, directors, officers, management team, employees of the licensee, or any relative living in the same household as any of those persons from placing athletic event wagers with the licensee;

(B) Use publicly available information and any lists of employees and affiliates provided to the licensee or the commission by a professional or amateur athletic association in order to prohibit wagering by a participating athlete, employee of a professional or amateur athletic association or one of its member teams, or player and referee union personnel;

(C) Prohibit athletic event wagering by a person who is under the minimum legal age for placing wagers;

(D) Prohibit a person with access to nonpublic confidential information held by the licensee from placing an athletic event wager with the licensee;

(E) Prohibit a person from placing athletic event wagers as an agent or proxy for others; and

(F)(i) Maintain the security of athletic event wagering data, customer data, and other confidential information from unauthorized access and dissemination.

(ii) However, this chapter does not preclude the use of internet or cloud-based hosting of that data and information or disclosure as required by a court order or otherwise as provided by law;

(5) Immediately report to the commission any information relating to:

(A) Criminal or disciplinary proceedings commenced against the licensee in connection with the licensee's operations;

(B) Abnormal athletic event wagering activity or patterns that may indicate a concern with the integrity of an athletic event or athletic events;

(C) A potential breach of the internal rules and codes of conduct of a professional or amateur athletic association pertaining to athletic event wagering;

(D) Any other conduct that corrupts an athletic event wagering outcome of an athletic event or athletic events for purposes of financial gain; or

(E) Suspicious or illegal athletic event wagering activities, including without limitation:

(i) Use of funds derived from illegal activity;

(ii) Athletic event wagers to conceal or launder funds derived from illegal activity;

(iii) Use of agents to place athletic event wagers;

or

(iv) Use of false identification;

(6) Immediately report information relating to conduct described in subdivisions (5)(C)-(E) of this section to the relevant professional or amateur athletic association, as applicable; and

(7) Maintain the confidentiality of information provided by a professional or amateur athletic association to the licensee, unless disclosure is required by law or by a court order.

23-117-109. Integrity requirements.

(a)(1) A professional or amateur athletic association may notify the Arkansas Racing Commission that the professional or amateur athletic association desires to restrict or limit athletic event wagering on the professional or amateur athletic association's athletic events to ensure the

integrity of the association's athletic events by providing notice in the form and manner as the commission may require, including restrictions on the sources of data and associated video upon which a licensee may rely in offering and paying wagers and the wager types that may be offered.

(2) Upon receiving the notice under subdivision (a)(1) of this section, the commission shall publish any wagering restrictions and limitations the professional or amateur athletic association requires.

(3) Offering or taking wagers contrary to restrictions published by the commission is a violation and is subject to:

(A) Penalties as provided by law;

(B) Administrative sanctions; or

(C) Both legal penalties and administrative sanctions.

(b) The commission and licensees shall cooperate with investigations conducted by a law enforcement agency or a professional or amateur athletic association, or both, including without limitation providing or facilitating the providing of athletic event wagering information and audio or video files relating to persons placing athletic event wagers.

23-117-110. Prohibited athletic event wagering.

(a)(1) A person shall not knowingly engage in athletic event wagering otherwise authorized under this chapter when the person is a participating athlete in the athletic event that is the subject of the athletic event wagering.

(2) A person who violates subdivision (a)(1) of this section is subject to an administrative penalty consisting of one (1) or more of the following:

(A) A forfeiture of any winnings the person may have won directly from the prohibited athletic event wager;

(B) A fine of up to ten (10) times the amount of the prohibited athletic event wager; and

(C) A one-year prohibition from placing any athletic event wagers with a licensee.

(b)(1)(A) A licensee shall not knowingly accept an athletic event wager under this chapter when the person placing the athletic event wager is a participating athlete.

(B) A licensee who violates subdivision (b)(1)(A) of this

section is subject to an administrative penalty consisting of one (1) or more of the following:

(i) A forfeiture of any funds lost by the person and kept by the licensee that were the result of the prohibited athletic event wager;

(ii) A fine of up to fifty (50) times the amount of the prohibited athletic event wager; and

(iii) A suspension or revocation of the licensee's license for a period of time of not more than thirty (30) days.

(2)(A) A licensee who is notified that he or she has violated this subsection shall be given thirty (30) calendar days to take corrective action.

(B) Sufficient corrective action taken by a licensee under subdivision (b)(2)(A) of this section may be considered mitigating evidence in any administrative action taken under this subsection.

(c) This section does not prevent a law enforcement agency from investigating or the prosecuting attorney from bringing any potential criminal charges stemming from the acts or omissions that led to the placing of a prohibited athletic event wager under this chapter.

23-117-111. Administrative hearings.

(a) All administrative hearings under this chapter shall be conducted by the Arkansas Racing Commission in conformity with the Arkansas Administrative Procedure Act, § 25-15-201 et seq.

(b) Fines or forfeitures resulting from administrative action by the commission shall be remitted to the Department of Finance and Administration on a monthly basis to be deposited into the Athletic Event Wagering Fund.

Subchapter 2 – Athletic Event Wagering Fees and Revenue

23-117-201. Athletic event wagering premium.

(a)(1) For the privilege of offering athletic event wagering, a licensee shall pay an athletic event wagering premium equivalent to twelve and five-tenths percent (12.5%) of the licensee's gross athletic event wagering revenue generated within this state from on-site, in-person wagering at an athletic event wagering facility, which shall be paid to the Department

of Finance and Administration not less than one (1) time per calendar year.

(2) A licensee shall pay an athletic event wagering premium equivalent to thirteen and five-tenths percent (13.5%) of the licensee's gross athletic event wagering revenue generated within this state through an interactive athletic event wagering platform, which shall be paid to the department not less than one (1) time per calendar year.

(b) The department shall deposit athletic event wagering premiums received under this section into the Athletic Event Wagering Fund.

(c)(1) Remittance of athletic event wagering premiums to the department shall be accompanied by a return form that the department shall prescribe.

(2) The return form shall include information concerning athletic event wagering, including without limitation:

(A) The total number of athletic event wagers placed in an athletic event wagering facility;

(B) The total number of athletic event wagers placed on athletic events through an interactive athletic event wagering platform and that did not occur in an athletic event wagering facility;

(C) The total amount of money derived from athletic event wagering;

(D) Prizes or winnings paid out to persons for winning athletic event wagers;

(E) Net athletic event wagering receipts; and

(F) Cumulative athletic event wagering premium due.

23-117-202. Taxes owed on winning athletic event wagers.

A licensee shall collect and report information to the Department of Finance and Administration to reasonably ensure that state taxes on prizes from winning athletic event wagers are collected from or reported by the person placing the athletic event wager, as required by law, at the time of any payment of the proceeds of the athletic event wager.

23-117-203. Enforcement.

(a)(1) The Department of Finance and Administration shall enforce the athletic event wagering premium provisions of this chapter and collect the athletic event wagering premiums and penalties imposed under this chapter

that do not result from penalties imposed by the Arkansas Racing Commission in an administrative hearing.

(2)(A) Enforcement under this chapter shall be accomplished administratively or through an action filed in a court with jurisdiction.

(B) The Attorney General shall represent the department in any action filed in a court with jurisdiction.

(b) A person, including a licensee, that violates the athletic event wagering premium or reporting requirements of this chapter may be subject to other penalties as provided by law.

Subchapter 3 – Recordkeeping and Reports

23-117-301. Recordkeeping – Information sharing.

(a) A licensee shall maintain records of all athletic event wagers placed for at least three (3) years after the athletic event occurs and make the data available for inspection upon request of the Arkansas Racing Commission, the Department of Finance and Administration, or as required by a court order, including:

(1) Personally identifiable information of the person placing the athletic event wager;

(2) The amount and type of athletic event wager;

(3) The time the athletic event wager was placed;

(4) The location of the athletic event wager, including the internet protocol address, if applicable;

(5) The outcome of the athletic event wager;

(6) Records of abnormal athletic event wager activity; and

(7) Video camera recordings in the case of an in-person athletic event wager.

(b) If a professional or amateur athletic association has notified the commission that real-time information sharing for wagers placed on the professional or amateur athletic association's athletic events is necessary and desirable, a licensee shall share in real time the information required to be retained under this section, with the exception of video files, with the professional or amateur athletic association or its designee respecting wagers on the professional or amateur association's athletic events.

(c)(1) A licensee shall remit to a professional or amateur athletic

association that has provided notice to the commission under subsection (b) of this section an integrity fee of one percent (1%) of the amount wagered on the professional or amateur athletic association's athletic events.

(2) The licensee shall remit integrity fees to the professional or amateur athletic association at least one (1) time per calendar quarter.

(d) The commission shall cooperate with a professional or amateur athletic association and the professional or amateur athletic association's members to ensure the timely, efficient, and accurate sharing of information and the remittance of proceedings of the integrity fee to the professional or amateur athletic association.

23-117-302. Annual report by licensee.

(a) A licensee shall submit a report to the Arkansas Racing Commission and the Department of Finance and Administration no later than December 1 of each year that shall include the following information as the information shall apply to accounts cumulatively held by customers of the licensee residing or otherwise located in this state:

(1) The total number of new athletic event wagering accounts established in the preceding year, as well as the total number of athletic event wagering accounts permanently closed in the preceding year;

(2) The total amount of athletic event wagers received from customers;

(3) The total amount of winnings awarded to customers;

(4) The total amount on hold on each type of athletic event wager;

(5) The total amount of gross athletic event wagering revenue received by the licensee; and

(6) The total number of persons who requested to exclude themselves from or otherwise limit their participation in athletic event wagering.

(b)(1) Upon the submission of the annual report under this section, to such extent as the department deems it to be in the public interest, the department may conduct a financial audit of any licensee to ensure compliance with this chapter.

(2) An audit under this section may be conducted by the department or by Arkansas Legislative Audit at the request of the department.

(c) The department shall annually publish a report based on the aggregate information provided by all licensees, which shall be published on the website of the commission and the website of the department no later than one hundred eighty (180) days after the deadline for the submission of individual reports as specified in this section.

Subchapter 4 – Miscellaneous Provisions

23-117-401. Food and beverage service.

(a) A licensee may serve food and beverages in an athletic event wagering facility to the public as otherwise authorized by law.

(b)(1) Beverages may include alcoholic beverages if the licensee is granted a license to serve alcoholic beverages by the Alcoholic Beverage Control Board.

(2)(A) A licensee is subject to the rules for serving alcoholic beverages as determined by the board, except that a licensee is permitted to serve complimentary alcoholic beverages to the licensee's customers and is not required to charge money for alcoholic beverages if the licensee chooses not to.

(B) A licensee is permitted to decide to whom the licensee serves complimentary alcoholic beverages and may limit the service of complimentary alcoholic beverages to certain persons such as frequent patrons, as part of a customer rewards program, on certain days, during certain time periods, or any other criteria so long as the limitation of service is not done in a discriminatory manner.

SECTION 3. Arkansas Code § 19-6-301, concerning the enumeration of special revenues, is amended to add an additional subdivision to read as follows:

(263) Permit and license fees, athletic event wagering premiums, and fines collected under the Athletic Event Wagering Act of 2019, § 23-117-101 et seq.

SECTION 4. Arkansas Code Title 19, Chapter 6, Subchapter 8, is amended to add an additional section to read as follows:

19-6-840. Athletic Event Wagering Fund.

(a) There is created on the books of the Treasurer of State, the Auditor of State, and the Chief Fiscal Officer of the State a special revenue fund to be known as the "Athletic Event Wagering Fund".

(b)(1) All permit and license fees, athletic event wagering premiums, and fines received by the Arkansas Racing Commission or the Department of Finance and Administration that result from their administration of athletic event wagering under the Athletic Event Wagering Act of 2019, § 23-117-101 et seq., that are not already dedicated to another fund or dedicated revenue allocation shall be deposited into the State Treasury as special revenues to the credit of the Athletic Event Wagering Fund.

(2) The Athletic Event Wagering Fund also shall consist of any other revenues authorized by law.

(c)(1) The Athletic Event Wagering Fund shall be used in the following manner:

(A) Ten percent (10%) to the University of Arkansas for Medical Sciences to recruit, teach, and train individuals to become mental health professionals, including training in treating addiction, including without limitation gambling addiction;

(B) A reasonable amount for the operating expenses incurred by the commission and the department that supplement other appropriations to the commission and the department as provided by law; and

(C) The remaining funds shall be allocated by the General Assembly for affordable job training, vocational-technical education, and two-year and four-year higher education for Arkansans.

(2) Expenditures of moneys in the Athletic Event Wagering Fund are subject to the General Accounting and Budgetary Procedures Law, § 19-4-101 et seq., the Arkansas Procurement Law, § 19-11-201 et seq., and other applicable fiscal laws.

(3)(A) All moneys in the Athletic Event Wagering Fund shall be distributed to the designated recipients by the end of the fiscal year, and the Athletic Event Wagering Fund shall not carry a balance of more than fifty thousand dollars (\$50,000) at the end of the fiscal year.

(B) If the Athletic Event Wagering Fund has a balance of more than fifty thousand dollars (\$50,000) at the end of the fiscal year, the Legislative Council by majority vote may distribute the excess funds to a recipient or recipients listed under subdivision (c)(1) of this section.