

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

State of Arkansas
93rd General Assembly
Regular Session, 2021

A Bill

HOUSE BILL 1869

By: Representatives Pilkington, McCollum, L. Johnson

For An Act To Be Entitled

AN ACT TO CREATE THE ARKANSAS LOTTERY KENO AND
ILOTTERY ACT; AND FOR OTHER PURPOSES.

Subtitle

TO CREATE THE ARKANSAS LOTTERY KENO AND
ILOTTERY ACT.

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

SECTION 1. Arkansas Code Title 23 is amended to add an additional chapter to read as follows:

CHAPTER 118

ARKANSAS LOTTERY KENO AND iLOTTERY ACT

23-118-101. Title.

This chapter shall be known and may be referred to as the "Arkansas Lottery Keno and iLottery Act".

23-118-102. Definitions.

As used in this chapter:

(1) "iLottery" means a method by which an individual of at least eighteen (18) years of age, while within the borders of this state and having passed an identity verification process authorized by the Office of the Arkansas Lottery, may play lottery games and:

(A) Register an account through the office; and

(B) Purchase draw-based lottery games and e-Instant



lottery games authorized by the office and produced by random number generators supplied by the office's current central system platform operator through methods that may include without limitation:

- (i) A smart phone;
- (ii) A tablet;
- (iii) A laptop; and
- (iv) A desktop computer;

(2) "Keno" means any draw-based lottery game during which:

(A) A player purchases a ticket containing [X] numbers the player has chosen from a field of [Y] numbers;

(B) A random number generator supplied by the office, in conjunction with the office's current central system platform operator, chooses [Z] numbers at random; and

(C) Based upon rules promulgated by the office, a player is paid based on the player's original wager;

(3) "License" means a permit that is issued by the office under this chapter and is:

- (A) A retail license;
- (B) An occupational license; or
- (C) An operator license;

(4) "Operator" means an entity permitted under this chapter to offer iLottery or keno to individuals through a mobile application or other digital platform approved by the office under this chapter;

(5) "Retail license" means a license issued by the office under this chapter that permits the operation of keno by a lottery retailer through a lottery point-of-sale device or lottery self-service device or kiosk; and

(6) "Wager" means a sum of money or a thing of value risked on an uncertain occurrence.

23-118-103. Office of the Arkansas Lottery – Powers and duties.

(a) The Office of the Arkansas Lottery has all powers necessary or convenient to its usefulness in carrying out this chapter that are not in conflict with the Arkansas Constitution or the United States Constitution, including without limitation the authority to promulgate rules and emergency rules.

(b) Rules promulgated by the office under this chapter may include

without limitation those governing the:

- (1) Methods of accounting to be used by an operator;
- (2) Types of records that shall be kept by an operator; and
- (3) Promotion of social responsibility and responsible gambling.

(c) The office shall:

(1) Determine the eligibility requirements for an individual to hold a retail license under this chapter;

(2) Maintain a record of all retail licenses issued under this chapter; and

(3) Levy and collect all fees, surcharges, civil penalties, and taxes on adjusted gross iLottery receipts.

(d) The office may:

(1) Accept applications for licenses;

(2) Evaluate qualifications of an applicant for a license;

(3) Review licenses;

(4) Issue temporary retail licenses;

(5) Hold hearings;

(6) Administer oaths;

(7) Issue subpoenas or subpoenas duces tecum;

(8) Request that the Attorney General bring an action to enforce this chapter or a rule imposed by the office by civil action or petition for injunctive relief; and

(9) Exercise other powers deemed necessary.

23-118-104. Licenses – Operator and occupational.

(a)(1) A recipient of an operator license under this chapter shall submit to the Office of the Arkansas Lottery documentation or information required by the office.

(2) Documentation or information submitted under subdivision (a)(1) of this section shall be submitted:

(A) No later than five (5) years after the issuance of a recipient's original operator license; and

(B)(i) Every five (5) years while the recipient has an operator license under this chapter.

(ii) However, the office may specify circumstances under which a recipient of an operator license shall submit documentation or

information required under subdivision (a)(1) of this section within a time period of less than five (5) years.

(b)(1) An individual employed by a recipient of an operator license under this chapter to perform duties directly related to the operation of keno or iLottery under this chapter shall maintain a valid occupational license issued by the office.

(2) The office may establish job classifications with different requirements for an individual employed by a recipient of an operator license under this chapter based on the extent to which, in the sole determination of the office, a particular job affects, or has the potential to affect, the lawful operation of keno or iLottery under this chapter.

(3) An applicant for an occupational license under subdivision (b)(1) of this section shall:

(A) Submit an application form that is created and required by the office;

(B)(i) Pay a nonrefundable application fee in the amount of one hundred dollars (\$100).

(ii) An employer that is a recipient of an operator license under this chapter may pay the nonrefundable application fee required under subdivision (b)(3)(B)(i) of this section on behalf of his or her employee who is applying for an occupational license;

(C)(i) Pay by March 1 of each year a license fee to the office in the amount of one hundred dollars (\$100).

(ii) An employer that is a recipient of an operator license under this chapter may pay the license fee required under subdivision (b)(3)(C)(i) of this section on behalf of his or her employee who is applying for an occupational license; and

(D) Submit a renewal application form that is created and required by the office.

(c) The office may deny a license applied for by an individual under this section, reprimand an individual who holds a license issued under this section, or suspend or revoke a license issued to an individual under this section if the applicant or licensee:

(1) Has knowingly made a false statement of material fact to the office;

(2) Has had a license revoked by any state or local governmental

authority responsible for gaming activities;

(3) Has been convicted of a crime of moral turpitude, a gambling offense, or a theft or fraud offense;

(4) Has not demonstrated to the satisfaction of the office financial responsibility sufficient to adequately meet the requirements of the proposed keno or iLottery enterprise; or

(5) In the case of an individual applying for an operator license, is not the true or sole owner of the business for which the individual is applying for a license under this chapter and has not disclosed the existence or identity of other individuals who have an ownership interest in the business.

23-118-105. Keno and iLottery proceeds.

(a) Proceeds from keno and iLottery under this subchapter are the property of the Office of the Arkansas Lottery.

(b)(1) An amount of keno and iLottery proceeds determined by the office to maximize net proceeds for scholarships shall be made available as prize money.

(2) The percentage of lottery proceeds determined by the office to be net proceeds shall equal an amount determined by the office to maximize net proceeds for scholarships.

(c) Upon the total amount of proceeds from keno and iLottery reaching twenty million dollars (\$20 million), an equal amount of general revenue funds used to fund higher education scholarships shall be reallocated according to criteria established by the General Assembly.