

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

State of Arkansas As Engrossed: H2/15/23 S3/1/23 S3/6/23 S3/8/23

94th General Assembly

A Bill

Regular Session, 2023

HOUSE BILL 1349

By: Representatives Ray, *V. Flowers*

By: Senator J. Dotson

For An Act To Be Entitled

AN ACT CONCERNING PAID ESPORTS TOURNAMENTS; AND FOR
OTHER PURPOSES.

Subtitle

CONCERNING PAID ESPORTS TOURNAMENTS.

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

PAID ESPORTS TOURNAMENTS

23-118-101. Legislative findings.

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

(b) Paid and nonpaid esports tournaments conducted in compliance with this chapter are exempt from § 5-66-101 et seq.

(c) Income earned by esports tournament competitors or esports tournament organizers as a result of a paid esports tournament is taxable under the Income Tax Act of 1929, § 26-51-101 et seq.

23-118-102. Definitions.

As used in this chapter:

(1)(A) "Esports" means any form of multiplayer competition in



which competitors compete against each other using video gaming consoles, computers, or other electronic devices.

(B) "Esports" includes the ability to compete or perform in front of an audience, and through an online platform, broadcast on television, or at an in-person event.

(C) "Esports" does not include:

(i) A house-banked game in which participants compete or play against the house, including without limitation an operator, rather than other participants;

(ii) A casino-style gambling game or other gambling game customarily offered at a casino;

(iii) A game based on or otherwise involving horse racing or dog racing; or

(iv) Any electronic pull-tab game or similar traditional gambling game;

(2) "Esports tournament organizer" means a person that:

(A) Is engaged in the business of professionally conducting paid esports tournaments for cash prizes for esports tournament competitors; and

(B) Requires cash or cash equivalent as an entry fee to be paid by a member of the general public who competes in a paid esports tournament;

(3) "Esports tournament competitor" means an individual or group of individuals who function as a team that competes in a paid or nonpaid esports tournament offered by an esports tournament organizer;

(4) "Nonpaid esports tournament" means any:

(A) Esports event organized by an educational institution, charity, nonprofit, or other institution that awards nonmonetary prizes to esports tournament competitors; or

(B) Event that does not require an entry or venue fee to competes in esports;

(5)(A) "Paid esports tournament" means, and is limited to, any esports event facilitated by an esports tournament organizer for a cash prize or other monetary compensation if an esports tournament competitor is required to pay an entry or venue fee to compete.

(B) "Paid esports tournament" includes any esports

tournament or contest that meets the following conditions:

(i) The values of all prizes and awards offered to winning esports tournament competitors in public contests, and the method through which prizing is determined, are established and made known to the esports tournament competitors in advance of the tournament or contest;

(ii) All winning outcomes reflect the relative knowledge and skill of the esports tournament competitors and are determined by the results of the performance of esports tournament competitors;

(iii) A winning outcome is determined by the results of fully completed contests or events and not merely a portion of a contest or event, except that an esports tournament competitor may be credited for results in a suspended or shortened contest or event that has been suspended or shortened by a decision of the esports tournament organizer on account of weather or other natural or unforeseen events; and

(iv)(a) Each paid esports tournament competitor is required to pay an entry fee to compete.

(b) Each nonpaid esports tournament competitor is exempted from the requirement to pay an entry fee to compete.

(c) Payment under subdivision (5)(B)(iv)(a) 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.

23-118-103. Paid esports tournaments authorized.

(a) An esports tournament organizer is authorized to conduct a paid esports tournament through one (1) or more websites, local area networks, video gaming platforms, or other similar gaming platforms maintained and operated by the esports tournament organizer under this chapter.

(b) Wagering on the outcome of an esports tournament is not authorized under this chapter.

/s/Ray