

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

State of Arkansas
95th General Assembly
Regular Session, 2025

A Bill

SENATE BILL 524

By: Senators D. Wallace, Hester, J. Scott

By: Representatives Duffield, K. Ferguson, Achor, F. Allen, Barnes, Gramlich, M. McElroy, McGruder, Painter, Perry, J. Richardson

For An Act To Be Entitled

AN ACT TO MAKE THE OPERATION OF AN ILLEGAL ONLINE CASINO OR SPORTS BETTING A FELONY; TO AMEND THE LAW CONCERNING INTERACTIVE GAMING; TO CREATE THE INTERACTIVE GAMING ACT; TO EXPAND INTERACTIVE GAMING TO INCLUDE NAME, IMAGE, OR LIKENESS DRAWING GAMES AND CASINO GAMING; TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.

Subtitle

TO MAKE OPERATION OF AN ILLEGAL ONLINE CASINO OR SPORTS BETTING A FELONY; TO CREATE THE INTERACTIVE GAMING ACT AND TO INCLUDE NAME, IMAGE, OR LIKENESS DRAWING GAMES AND CASINO GAMING; AND TO DECLARE AN EMERGENCY.

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

SECTION 1. Arkansas Code § 5-66-103(a), concerning the offense of keeping a gambling house, is amended to read as follows:

(a) A person or entity commits the offense of keeping a gambling house if the person or entity:

(1) Keeps, conducts, or operates, or who is interested directly or indirectly in keeping, conducting, or operating any gambling house or place, whether a physical location or online, where gambling is carried on;

(2) Sets up, keeps, or exhibits or causes to be set up, kept, or



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exhibited or assists in setting up, keeping, or exhibiting any gambling device; ~~or~~

(3) Is interested directly or indirectly in running any gambling house or in setting up and exhibiting any gambling device, either by furnishing money or another article, for the purpose of carrying on any gambling house;

(4)(A) Makes available or participates in keeping, conducting, or operating any game, contest, or promotion that is available on the internet or accessible on a mobile phone, computer terminal, or similar device capable of accessing the game, contest, or promotion that utilizes a dual-currency system of payment that allows the player to exchange the currency for a prize, award, cash, or cash equivalent, or a chance to win any prize, award, cash, or cash equivalent, and simulates:

(i) Casino-style gaming, including without limitation slot machines, video poker, or table games that include without limitation blackjack, roulette, craps, and poker;

(ii) Lottery games, including without limitation draw games, instant win games, keno, and bingo; and

(iii) Sports wagering.

(B) A sweepstakes game that does not award cash or a cash equivalent is not included under subdivision (a)(4) of this section.

(C) Subdivision (a)(4)(A) of this section does not apply to a casino licensed by the Arkansas Racing Commission; or

(5)(A) Makes available or participates in keeping, conducting, or operating any game online that the commission or the Department of Finance and Administration, consistent with the Arkansas Constitution, may determine by rule to be sports wagering.

(B) Subdivision (a)(5)(A) of this section does not apply to a casino licensed by the commission.

SECTION 2. Arkansas Code Title 23, Chapter 117, is amended to add an additional subchapter to read as follows:

Subchapter 2 – Interactive Gaming Act

23-117-201. Title.

This subchapter shall be known and may be cited as the “Interactive

Gaming Act”.

23-117-202. Definitions.

As used in this subchapter:

(1) "Casino licensee" means any individual, corporation, partnership, association, trust, or other entity holding a license issued by the Arkansas Racing Commission to conduct casino gaming as authorized by The Arkansas Casino Gaming Amendment of 2018, Arkansas Constitution, Amendment 100;

(2) "Dormant account" means an interactive gaming account that has had no patron-initiated activity for a period of sixteen (16) months;

(3)(A) "Interactive gaming" includes the placing of wagers through a server-based gaming system that is situated in the United States using a computer network of interoperable packet switched data networks through which a casino licensee may offer authorized interactive games to a person who has established an interactive gaming account.

(B) "Interactive gaming" includes the placing of wagers using:

(i) A mobile cellular device using an application;

or

(ii) An internet browser on a supported device using software.

(C) "Interactive gaming" includes a name, image, or likeness drawing game conducted through an electronic device or machine to benefit a name, image, or likeness collective consistent with the Arkansas Student-Athlete Publicity Rights Act, § 4-75-1301 et seq.;

(4)(A) "Interactive gaming system" means a gaming device.

(B) "Interactive gaming system" includes:

(i) The collective hardware, software, communication, technology, and proprietary hardware and software specifically designed or modified for and intended for use in the conduct of interactive gaming; and

(ii) The core components of the interactive gaming system, including without limitation the servers or databases running the games on the interactive gaming system and storing game and interactive gaming account information, that are hosted within the United States, with

the core components residing on physical hardware or a remote server, provided that gaming participation is confined to the state; and

(5) "Name, image, or likeness drawing game" means a drawing game of chance approved by the commission, the net proceeds of which after incurred expenses, as approved by the commission, are divided between:

(A) A name, image, or likeness collective consistent with the Arkansas Student-Athlete Publicity Rights Act, § 4-75-1301 et seq., or any other organization affiliated with an Arkansas collegiate athletics program; and

(B) The winning participant.

23-117-203. Interactive gaming.

(a)(1)(A) A casino licensee shall not operate an interactive gaming system in this state unless the interactive gaming system has been approved by the Arkansas Racing Commission.

(B) An activity conducted under Arkansas Constitution, Amendment 84, shall not be considered interactive gaming.

(2) An interactive gaming system operated by a casino licensee is subject to rules promulgated by the commission.

(3) A casino licensee is limited to one (1) branded interactive gaming system that is identified with the casino licensee.

(4) The operation of interactive gaming is prohibited in circumstances in which a majority of the net casino gaming receipts, as defined by The Arkansas Casino Gaming Amendment of 2018, Arkansas Constitution, Amendment 100, from interactive gaming is paid to a third-party vendor assisting in the operation of the interactive gaming.

(b) An interactive gaming system shall meet applicable minimum technical standards provided in Gaming Laboratories International's GLI-19: Standards for Interactive Gaming Systems, as revised on July 17, 2020, or an equivalent certification issued by a testing laboratory as approved and licensed by the commission.

(c) A casino licensee may operate a name, image, or likeness drawing game as approved by the commission.

23-117-204. Internal controls for casino licensees related to interactive gaming.

(a) A casino licensee shall comply with:

(1) Standards related to interactive gaming adopted by the Arkansas Racing Commission to implement this subchapter; and

(2) Existing rules of the commission.

(b) The commission shall:

(1) Approve game titles or themes; and

(2) Provide for standards and practices consistent with the standards and practices of the Gaming Laboratories International, or other testing entity licensed by the commission, approved in another jurisdiction in the United States to serve as validation in Arkansas.

(c)(1) Live personnel engaged in dealing cards or similar activities involved in interactive gaming shall hold a gaming license in the jurisdiction in which the live personnel physically operate.

(2) A casino licensee shall transmit a list of the live personnel described in subdivision (c)(1) of this section to the commission no less than monthly.

(d) The commission may determine additional areas that require internal controls that may necessitate the development of minimum standards.

23-117-205. Acceptance of wagers.

A casino licensee shall not accept or facilitate a wager on interactive gaming other than as set forth by rule of the Arkansas Racing Commission.

23-117-206. Disposition of dormant accounts.

(a)(1) A casino licensee may suspend a dormant account.

(2) The casino licensee may reactivate a dormant account suspended under subdivision (a)(1) of this section only after reverifying the current government-issued picture identification of the account holder and other information as required by the Arkansas Racing Commission.

(b) All amounts remaining inactive in the dormant account after a period of two (2) years of the account's becoming a dormant account shall be paid into a cash fund of the commission.

(c) Before closing a dormant account under this section, the casino licensee shall attempt to contact the account holder a minimum of one (1) time per year.

23-117-207. Prohibition – Penalty.

(a) The operation of an interactive gaming system without a casino license in this state is prohibited.

(b) Consistent with § 5-66-103, a violation of subsection (a) of this section is a Class D felony.

23-117-208. Rules.

The Arkansas Racing Commission may promulgate rules to administer and enforce this subchapter.

SECTION 3. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that unlicensed, unregulated, and untaxed casino style and sports wagering offerings are an ever-growing threat to the citizens of Arkansas. Further, institutions of higher education and their affiliated nonprofit organizations are intertwined with economic development, the education of student-athletes, commerce, and other governmental interests that otherwise impact the State of Arkansas; that a drawing game conducted through interactive gaming, in order to benefit a name, image, or likeness organization, the net proceeds of which, after incurred expenses, are equally divided between a name, image, or likeness organization and the participant, can increase economic development, education, and commerce in the State of Arkansas; and that this act is immediately necessary to ensure that institutions of higher education and their affiliated nonprofit organizations can financially support their student-athletes and athletic programs, which will bolster economic development, education, and commerce in the State of Arkansas. Therefore, an emergency is declared to exist, and this act being immediately necessary for the preservation of the public peace, health, and safety shall become effective on:

(1) The date of its approval by the Governor;

(2) If the bill is neither approved nor vetoed by the Governor, the expiration of the period of time during which the Governor may veto the bill; or

(3) If the bill is vetoed by the Governor and the veto is overridden, the date the last house overrides the veto.