

MINUTES

ARKANSAS LOTTERY COMMISSION LEGISLATIVE OVERSIGHT COMMITTEE

April 15, 2014

The Arkansas Lottery Commission Legislative Oversight Committee met Tuesday, April 15, 2014, at 1:30 p.m., in Room B of the Multi-Agency Complex, Little Rock, Arkansas.

Senate Committee Members Attending: Senators Robert Thompson, Chair; David Burnett, Stephanie Flowers, Jimmy Hickey, and Missy Irvin.

House Committee Members Attending: Representatives Mark Perry, Chair; Joe Farrer, Joe Jett, Kelley Linck, Matthew Shepherd, and John Vines.

Other Legislators Attending: Senators Jim Hendren, Michael Lamoureux, Uvalde Lindsey, Larry Teague, Eddie Joe Williams, and Jon Woods; Representatives Charles Armstrong, Eddie Armstrong, Nate Bell, Ann Clemmer, David Fielding, Jeremy Gillam, Mary L. Slinkard, and Jeff Wardlaw.

Senator Robert Thompson called the meeting to order.

Consideration to Approve Minutes from the December 10, 2013 Meeting (EXHIBIT B)

Senator Thompson stated that without objection, the minutes will stand as approved.

REPORT ON 2014 LOTTERY SCHOLARSHIPS

[HANDOUTS 1 & 2]

Shane Broadway, Director, and Harold Criswell, Deputy Director, both with the Arkansas Department of Higher Education, briefly presented and explained the minimum balance scenario and the maximum balance scenario of the Academic Challenge Model variables (*Handouts #1-A & 1-B*).

The current year-to-date scholarship award expense for the fall semester of 2014 is approximately \$59 million for the 2014 fall semester and approximately \$54 million for the 2015 spring semester. As a result of the changes to the award amounts, this expense is less than in previous years. Mr. Broadway stated that beginning with the 2014 fall semester, high school graduates will have to complete the Smart Core curriculum to be eligible for a lottery Scholarship. Status of the approximately 16,600 applications that have been received is:

- ◆ 8400 students – have been awarded
- ◆ 5400 students – of the 8400 above have accepted awards
- ◆ 3000 students – waiting to accept award
- ◆ 8000 applications are pending eligibility verification

The Lottery Commission has revised their budget for this current year in relation to the cash flow situation and the 2014 spring awards.

Mr. Broadway said he would provide Senator Stephanie Flowers with the statistical data of awards per county and lottery ticket sales per county. He also agreed to provide Senator Jimmy Hickey several different ways to award scholarships to college students.

LOTTERY DIRECTOR'S REPORT

[EXHIBIT D]

Bishop Woosley, Director, Arkansas Scholarship Lottery, briefly presented the monthly Lottery Director's Report. He stated that at the present time, power ball sales in most states are down.

DISCUSSION OF PROPOSED CHANGES IN ARKANSAS LOTTERY GAMING

Mr. Woosley described new games and activities the commission is considering in order to generate enthusiasm in a new type of player that will increase ticket sales and lottery revenue:

- ◆ 'Lucky for Life Membership' will launch around January, 2015 and will replace 'Decades of Dollars'
- ◆ To introduce monitor games
- ◆ To allow the use of debit cards to purchase lottery tickets
- ◆ To amend the commission's rule on retailer bonding

Mr. Woosley briefly detailed surveys that the commission conducted in other states on the pros and cons of introducing monitor games and the use of debit cards to purchase lottery tickets.

Senator David Burnett questioned whether the Commission has the authority to institute monitor games and he requested to see the Attorney General's opinion on this issue. Along with Senator Burnett, most of the legislators present today are not comfortable with introducing the monitor games, and allowing the purchase of lottery chances with a debit card.

OTHER BUSINESS

Jerry Cox, Director, Family Council, spoke about the dangers of allowing players to purchase lottery tickets or swipe monitor games using a debit card (*Handout #2*).

Polly Martin, Arkansas Grocers & Retail Merchants Association, spoke on the money that retailers would lose if lottery ticket purchases were allowed with a debit card.

Senator Hickey made a motion for non-support of the monitor games. Senator Burnett seconded the motion, and Senator Thompson stated the motion passed.

With no further business, the Committee adjourned at 3:40 p.m.