

As Engrossed: 3/24/93 3/31/93

1 **State of Arkansas**
2 **79th General Assembly**
3 **Regular Session, 1993**
4 **By: Representatives McGee and McCuiston**

A Bill

HOUSE BILL 2124

For An Act To Be Entitled

8 "AN ACT TO AMEND ARKANSAS CODE TITLE 23 TO ADD A NEW
9 CHAPTER CONCERNING VIDEO GAMING MACHINES; AND FOR OTHER
10 PURPOSES."

Subtitle

13 "AN ACT CONCERNING VIDEO GAMING MACHINES."

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

17 *SECTION 1. Arkansas Code Title 23 is amended to add the following new*
18 *chapter:*

19 *"CHAPTER 113.*

20 *23-113-101. Definitions. For the purpose of this chapter:*

21 *(1) _Video gaming device_ means any electronic computerized video game*
22 *machine that, upon the insertion of cash, is available to play a video game*
23 *authorized by the racing commission, and which uses a video display and*
24 *microprocessors in which, by skill, the player may receive free games or*
25 *credits that can be redeemed for cash.*

26 *(2) _Video games_ means video games similar to poker played on video*
27 *gaming devices controlled by the racing commission.*

28 *(3) _Pari-mutuel licensee_ means an entity licensed and authorized*
29 *under other applicable Arkansas laws to conduct pari-mutuel wagering on*
30 *greyhound races and which actually conducts live racing sometime during each*
31 *calendar year.*

32 *(4) _Licensed video gaming retailer_ means a pari-mutuel licensee*
33 *specifically approved by the Commission and licensed by the Revenue Division of*
34 *the Department of Finance and Administration to own, operate or lease video*
35 *gaming devices at parimutuel wagering facilities.*

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1 (5) *_Net device revenue_ means the gross revenue of a video gaming*
2 *device less the value of prizes paid or credits given.*

3 (6) *_Commission_ means the Arkansas Racing Commission.*

4 (7) *_Director_ means the Director of the Department of Finance and*
5 *Administration.*

6 (8) *_Device owner_ means a person other than a distributor who owns and*
7 *operates, maintains, repairs or services one or more video devices at a*
8 *parimutuel waging facility.*

9 (9) *_Distributor_ means any person who buys, sells, leases, services or*
10 *repairs video gaming devices and provides a facility for the inspection of*
11 *those devices.*

12 (10) *_Manufacturer_ means any person who manufactures, assembles and*
13 *programs video gaming devices for use in this state.*

14 (11) *_Service entity_ means any person other than a distributor or*
15 *device owner who repairs, services, inspects or examines video gaming devices.*

16 (12) *_Device operation_ means the privilege of operating a video gaming*
17 *device in accordance with the provisions of this act.*

18

19 23-113-102. *Arkansas Racing Commission authorized to approve operation*
20 *of video devices. Video gaming devices may only be installed and operated at*
21 *parimutuel wagering facilities operated by franchise holders subject to the*
22 *licensing requirements of Ark. Code Ann. §§23-110-101 et seq. and 23-111-101*
23 *et seq.*

24 (c) *The Arkansas Racing Commission shall not conduct video games unless*
25 *the issue is approved at a general or special election in the county in which*
26 *the video games are to be conducted. The election shall be called by the*
27 *county board of election commissioners pursuant to the request of the Arkansas*
28 *Racing Commission.*

29

30 23-113-103. *Additional powers and duties of the commission.*

31 *In addition to the other powers and duties of the Arkansas Racing*
32 *Commission, the commission shall promulgate and enforce reasonable rules and*
33 *regulations relating to video games.*

34

35 23-113-104. *Exclusion of minors.*

1 No persons under the age of eighteen (18) years may play a video game
2 authorized by this act, nor shall any licensed video gaming retailer knowingly
3 permit a minor to play a video gaming terminal or knowingly pay a minor with
4 respect to a video game credit slip. Violation of this section shall be
5 punishable by a fine of five hundred dollars (\$500).

6

7 23-113-105. When games may be played.

8 Video games authorized by this Chapter may only be operated by a video
9 gaming retailer and may only be played on the video gaming terminals installed
10 and located in accordance with the provisions of §23-113-102(b) at such times
11 during each calendar year as are approved by the Arkansas Racing Commission.

12

13 23-113-106. Division of Revenues.

14 The allocation of net terminal income derived from video games shall be
15 as follows:

16 (1) For deposit by the State Treasurer as special revenues in the
17 Department of Human Services Grants Fund Account to be used for the Medicaid
18 program: not less than twenty-five percent (25%).

19 (2) To the licensed video gaming retailer: sixty-six percent (66%).

20 (3) To the owners of racing greyhounds who are under contract with a
21 licensee: five percent (5%).

22 (4) To the city or town in which the licensed video retailer is
23 licensed: two percent (2%).

24 (5) To the county in which the licensed gaming retailer is licensed:
25 one percent (1%).

26 (6) To be divided equally among all the incorporated towns in the
27 county in which the licensee is located, other than the city or town in which
28 the licensed video retailer is licensed: one percent (1%).

29 (7) Unclaimed prizes and credits shall remit one third (1/3) of the
30 amount to the State Treasurer to be deposited as special revenues in the
31 Department of Human Services Grants Fund Account and to be used for the
32 Medicaid program, and one third (1/3) of the amount to the city in which the
33 licensee is located, and one third (1/3) of the amount to the licensee.

34

35 23-113-107. Penalty for manipulation or tampering. Any person who,

1 with intent to manipulate the outcome, payoff or operation of a video gaming
2 terminal, manipulate the outcome, prize or operation of a video gaming
3 terminal by physical or electronic means shall be guilty of a felony
4 punishable by imprisonment for not more than ten (10) years or by a fine of
5 not less than ten thousand dollars (\$10,000), or both.

6
7 23-113-108. All other acts and parts of acts inconsistent with any of
8 the provisions of this Chapter are expressly declared not to apply to any
9 person, partnership, group, association, trust, or corporation that is a
10 licensed video gaming retailer in manner and form provided by this Chapter.

11
12 23-113-109. (a) Before any licensed video gaming retailer, device
13 owner, distributor, manufacturer, service entity or video gaming retailer
14 shall be permitted to sell, lease, offer for use, operate, or repair any video
15 gaming device, it must first obtain from the Director a license. The license
16 shall be issued annually beginning July 1, 1993. Any license fee paid during
17 the last six months of the year shall be upon the basis of one-half (1/2) of
18 the annual fee.

19 (b) The annual license fees shall be as follows:

- 20 1. Manufacturer \$5,000.00
- 21 2. Distributor \$3,000.00
- 22 3. Service entity \$2,000.00
- 23 4. Device operation \$1,000.00
- 24 5. Device owner \$1,000.00
- 25 6. Licensed video gaming retailer \$100.00

26 (c) A device owner shall pay a device owner fee for the privilege of
27 owning and operating video game devices and shall not be required to pay more
28 than one device owner fee. A separate device operation fee, payable by the
29 device owner, shall be levied on each video gaming device placed by the device
30 owner at a licensed parimutuel wagering facility.

31 (d) The device owner fee shall be due and payable in addition to any
32 licensed video gaming retailer fee resulting from the placement of a video
33 game device at a facility. If more than one video game device is placed at a
34 licensed facility, only one licensed facility fee is due for that facility.

35 (e) Each device owner shall remit to the Director a privilege tax in an

1 amount equal to twenty-two and one-half percent (22.5%) of the net device
2 revenue derived from the operation of each video gaming device owned by him.

3 (f) Each month, the device owner must give the Director a report
4 containing the following:

- 5 1. serial number of each video game device;
- 6 2. name and address of the facility where each device is located;
- 7 3. net revenue of each device for the previous month;
- 8 4. computer printouts of the net revenue of each device taken
9 directly from the device's electronic accounting devices, if requested by the
10 Director.

11 (g) The device owner is required to file such reports on the fifteenth
12 day of the month following the month in which the net revenues of each device
13 were calculated. The tax on net revenues is due and payable when the report
14 is filed. The tax shall be subject to the Arkansas Tax Procedure Act (Ark.
15 Code Ann. §26-18-101 et seq.).

16

17 23-113-110. Each video game device shall:

18 1. Be connected with a system consisting of player operated terminals
19 and a self-contained control computer;

20 2. Not have any device or program that will alter the reading of the
21 values or amounts of play to reflect values or amounts other than actually
22 played or any switches, jumpers, wire posts, or any other means of
23 manipulation that could affect the operation or outcome of a game;

24 3. Not have any device, switch, program, or function that can alter the
25 readings of the actual amounts or values relating to any function or
26 occurrence of the device;

27 4. Have separate secure areas with locking doors for the game logic
28 board and software, the cash compartment, and the mechanical meters as
29 required by the rules and regulations of the Director. These areas must be
30 locking and separated. Access to one from the other must not be allowed at
31 any time.

32 5. Must be capable of being linked by telecommunication to a central
33 computer for purposes of polling or reading device activities and for central
34 computer remote shutdown of device operations.

35 6. Shall have a serial number or other identification number

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