

1 State of Arkansas *As Engrossed: H3/14/17 H3/16/17 S3/30/17*

2 91st General Assembly

# A Bill

3 Regular Session, 2017

HOUSE BILL 2250

4

5 By: Representative Gazaway

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## For An Act To Be Entitled

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AN ACT CONCERNING PAID FANTASY SPORTS GAMES; AND FOR  
9 OTHER PURPOSES.

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## Subtitle

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CONCERNING PAID FANTASY SPORTS GAMES.

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

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*SECTION 1. Arkansas Code § 19-6-201, concerning the enumeration of  
19 general revenues, is amended to add an additional subdivision to read as  
20 follows:*

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*(73) Paid fantasy sports games tax, § 23-116-104.*

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*SECTION 2. Arkansas Code Title 23 is amended to add an additional  
24 chapter to read as follows:*

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### CHAPTER 116

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### PAID FANTASY SPORTS GAMES

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### Subchapter 1 – General Provisions

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23-116-101. Legislative findings.

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(a) The General Assembly finds that a paid fantasy sports game  
32 conducted in compliance with this chapter does not constitute gambling for  
33 any purpose.

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(b) Paid fantasy sports games conducted in compliance with this  
35 chapter are exempt from § 5-66-101 et seq.

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1 23-116-102. Definitions.

2 As used in this subchapter:

3 (1) "Game operator" means a person who:

4 (A) Is engaged in the business of professionally  
5 conducting paid fantasy sports games for cash prizes for members of the  
6 general public; and

7 (B) Requires cash or a cash equivalent as an entry fee to  
8 be paid by a member of the general public who participates in a paid fantasy  
9 sports game;

10 (2) "Game participant" means an individual who participates in a  
11 paid fantasy sports game offered by a game operator;

12 (3) "Gross paid fantasy sports game revenues" means the amount  
13 equal to the total of all entry fees that a game operator collects from all  
14 game participants, less the total of all sums paid out as prizes to all game  
15 participants, multiplied by the location percentage for this state;

16 (4) "Location percentage" means, for each paid fantasy sports  
17 game, the percentage rounded to the nearest tenth of a percent of the total  
18 of entry fees collected from game participants located in this state, divided  
19 by the total of entry fees collected from all game participants in paid  
20 fantasy sports games;

21 (5) "Paid fantasy sports game" means any fantasy sports game or  
22 contest that meets the following conditions:

23 (A) The values of all prizes and awards offered to winning  
24 game participants in public contests are established and made known to the  
25 game participants in advance of the game or contest;

26 (B) All winning outcomes reflect the relative knowledge  
27 and skill of the game participants and are determined predominantly by  
28 accumulated statistical results of the performance of individual athletes in  
29 actual sporting events;

30 (C) A winning outcome is not based on the score, point  
31 spread, or performance or performances of any single team or combination of  
32 teams or solely on any single performance of an individual athlete or player  
33 in any single event;

34 (D) The statistical results of the performance of  
35 individuals under subdivision (5)(B) of this section are not based on college  
36 or high school sports or on horse racing or greyhound

1 racing;

2 (E) A paid fantasy sports game participant is not  
3 permitted to select an athlete through an automatic draft that does not  
4 involve any input or control by the paid fantasy sports game participant or  
5 to choose preselected teams of athletes;

6 (F) A winning outcome is determined by accumulated  
7 statistical results of fully completed contests or events and not merely a  
8 portion of a contest or event, except that a paid fantasy sports game  
9 participant may be credited for statistical results accumulated in a  
10 suspended or shortened contest or event that has been suspended or shortened  
11 on account of weather or other natural or unforeseen event; and

12 (G)(i) Each paid fantasy sports participant is required to  
13 pay an entry fee to participate.

14 (ii) Payment under subdivision (5)(G)(i) of this  
15 section shall be with cash or a cash equivalent and is not gambling for the  
16 purposes of § 5-66-101 et seq.; and

17 (6) "Person" means any association, corporation, limited  
18 liability company, fiduciary, individual, joint stock company, joint venture,  
19 partnership, sole proprietorship, or other private legal entity.

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21 23-116-103. Paid fantasy sports games authorized.

22 A game operator is authorized to conduct paid fantasy sports games  
23 through one (1) or more websites or platforms maintained and operated by the  
24 game operator.

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26 23-116-104. Tax on paid fantasy sports games.

27 (a) A game operator shall pay a tax for the privilege of conducting  
28 paid fantasy sports games under this chapter in an amount of eight percent  
29 (8%) of the game operator's gross paid fantasy sports game revenues from the  
30 previous state fiscal year.

31 (b) The special privilege tax levied in subsection (a) of this section  
32 shall be:

33 (1) Reported and remitted to the Department of Finance and  
34 Administration on a quarterly basis through the Arkansas Taxpayer Access  
35 Point or its successor on forms prescribed by the Director of the Department  
36 of Finance and Administration; and

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(2) Subject to the Arkansas Tax Procedure Act, § 26-18-101 et seq.  
(c) The director shall promulgate rules to administer the tax levied under this section.

/s/Gazaway

**APPROVED: 04/07/2017**