

**Stricken language would be deleted from and underlined language would be added to the Arkansas Constitution.**

1 State of Arkansas  
2 85th General Assembly  
3 Regular Session, 2005

*As Engrossed: H3/17/05*

HJR 1006

4  
5 By: Representative Ormond  
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**HOUSE JOINT RESOLUTION**

9 PROPOSING AN AMENDMENT TO THE ARKANSAS  
10 CONSTITUTION TO ESTABLISH THE ARKANSAS  
11 CORPORATION ON LOTTERIES AND WAGERING AS AN  
12 INDEPENDENT PUBLIC CORPORATION; TO LICENSE  
13 CHARITABLE BINGO; TO PROVIDE FOR A LOTTERY; TO  
14 AUTHORIZE THE CORPORATION TO CONDUCT WAGERING  
15 GAMES IN FACILITIES OWNED AND OPERATED BY THE  
16 CORPORATION OR MAY ENTER INTO A CONTRACT WITH ANY  
17 PERSON TO OPERATE WAGERING GAMES; TO REQUIRE  
18 APPROVAL BY THE VOTERS OF A COUNTY BEFORE  
19 WAGERING GAMES MAY BE CONDUCTED IN THE COUNTY; TO  
20 ESTABLISH WAGERING DISTRICTS CONSISTING OF  
21 COUNTIES THAT APPROVE THE CONDUCT OF WAGERING  
22 GAMES; TO ESTABLISH WAGERING DISTRICT ADVISORY  
23 COMMITTEES; TO PROVIDE THAT A PORTION OF THE  
24 PROCEEDS FROM WAGERING GAMES, WAGERING  
25 FACILITIES, AND ANCILLARY OPERATIONS SHALL BE  
26 USED IN WAGERING DISTRICTS TO PROVIDE SUPPORT TO  
27 LOCAL TAXING UNITS, REBATES TO TAXPAYERS FOR A  
28 PORTION OF REAL PROPERTY TAXES PAID, AND  
29 REIMBURSEMENT TO RESIDENTS FOR A PORTION OF THEIR  
30 HEALTH INSURANCE PREMIUMS; TO AMEND SECTION 14 OF  
31 ARTICLE 19 OF THE ARKANSAS CONSTITUTION TO  
32 CONFORM WITH THIS PROPOSED AMENDMENT; AND FOR  
33 OTHER PURPOSES.  
34

**Subtitle**

35 PROPOSING AN AMENDMENT TO THE ARKANSAS  
36



1                   CONSTITUTION TO ESTABLISH THE ARKANSAS  
 2                   CORPORATION ON LOTTERIES AND WAGERING AS  
 3                   AN INDEPENDENT PUBLIC CORPORATION.  
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6   BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE EIGHTY-FIFTH GENERAL  
 7   ASSEMBLY OF THE STATE OF ARKANSAS AND BY THE SENATE, A MAJORITY OF ALL  
 8   MEMBERS ELECTED TO EACH HOUSE AGREEING THERETO:  
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10           That the following is proposed as an amendment to the Constitution of  
 11   the State of Arkansas, and upon being submitted to the electors of the state  
 12   for approval or rejection at the next general election for Representatives  
 13   and Senators, if a majority of the electors voting thereon at the election,  
 14   adopt the amendment, the amendment shall become a part of the Constitution of  
 15   the State of Arkansas, to wit:  
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17           SECTION 1. Definitions.

18           As used in this amendment:

19                   (1) "Ancillary operations" means any of the following operated  
 20 in conjunction with a facility for wagering games:

21                           (A) Lodging accommodations;

22                           (B) Restaurants;

23                           (C) Tennis courts, golf courses, or any other recreational  
 24 facilities; or

25                           (D) Convention centers or entertainment facilities;

26                   (2)(A) "Bingo" means a single game of the activity commonly  
 27 known as "bingo" in which the participants pay a sum of money for the use of  
 28 one (1) or more bingo cards.

29                           (B) "Bingo" only includes a game in which the winner  
 30 receives a preannounced, fixed dollar prize and in which the winner is  
 31 determined by the matching of letters and numbers on a bingo card imprinted  
 32 with at least twenty-four (24) numbers, with letters and numbers appearing on  
 33 objects randomly drawn and announced by a caller, in contemporaneous  
 34 competition among all players in the game;

35                   (3) "Charitable bingo" means the game of bingo that:

36                           (A) Is operated by a nonprofit, tax-exempt religious,

1 educational, veterans, fraternal, service, civic, medical, volunteer rescue  
2 service, volunteer firefighters organization, or volunteer police  
3 organization that has been in continuing existence as a nonprofit tax-exempt  
4 organization in this state for a period of not less than five (5) years  
5 immediately prior to conducting the game of bingo; and

6 (B) Meets the following restrictions on the use of the  
7 receipts from the conduct of bingo:

8 (i) All net receipts over and above the actual cost  
9 of conducting charitable bingo must be used only for charitable, religious,  
10 or philanthropic purposes; and

11 (ii) No receipts shall be used to compensate in any  
12 manner any person who works for or is in any way affiliated with the  
13 authorized organization;

14 (4) "Lottery game" means any procedure authorized by written  
15 rule of the Arkansas Corporation on Lotteries and Wagering whereby prizes are  
16 distributed among persons who have paid, or have unconditionally agreed to  
17 pay, for tickets or shares that provide the opportunity to win such prizes;

18 (5) "Lottery game retailer" means any person with whom the  
19 Arkansas Corporation on Lotteries and Wagering has contracted to sell tickets  
20 or shares in lottery games to the public; and

21 (6) "Wagering games" means games in which participants risk any  
22 property for gain contingent in whole or in part upon lot, chance, the  
23 operation of a gaming device, or the happening or outcome of an event over  
24 which the person taking a risk has no control.

25  
26 SECTION 2. Arkansas Corporation on Lotteries and Wagering.

27 (a) There is established the Arkansas Corporation on Lotteries and  
28 Wagering as an independent public corporation.

29 (b) The corporation shall be subject to the laws applicable to a  
30 nonprofit corporation except to the extent the laws are in conflict with this  
31 amendment.

32  
33 SECTION 3. Directors.

34 (a) The directors of the Arkansas Corporation on Lotteries and  
35 Wagering shall be selected as follows:

36 (1) One (1) director shall be elected from each of the

1 congressional districts of the State of Arkansas; and

2 (2) The directors elected from the congressional districts shall  
3 select one (1) additional director who shall serve as president of the  
4 corporation.

5 (b) Directors elected from congressional districts:

6 (1) Shall be elected at the regular biennial general election;  
7 and

8 (2) Shall serve for terms of eight (8) years.

9 (c) The director selected as president shall serve at the pleasure of  
10 the directors elected by congressional district.

11 (d) No person shall serve as a director for more than one (1) term,  
12 except that the president may serve as a director for no more than (10)  
13 years.

14 (e) The president may vote in case of a tie vote.

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16 SECTION 4. Compensation.

17 (a) The president of the Arkansas Corporation on Lotteries and  
18 Wagering may receive a salary as determined by the board of directors.

19 (b)(1) The board of directors may employ such other persons as may be  
20 necessary.

21 (2) However, the following persons shall be ineligible for  
22 employment:

23 (A) A person who is related within the second degree, by  
24 consanguinity or affinity, to a person serving as director of the  
25 corporation;

26 (B) A person who was once related within the second degree  
27 by affinity to a person serving as director of the corporation; and

28 (C) A director of the corporation or a person who has  
29 served as a director of the corporation.

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31 SECTION 5. Temporary provisions.

32 (a)(1) Four (4) of the initial directors of the Arkansas Corporation  
33 on Lotteries and Wagering shall be appointed by the Governor. The Governor  
34 shall appoint one (1) director from each congressional district.

35 (2) The Governor shall arrange the terms of the appointment so  
36 that:

1                   (A) The terms of one (1) directors expires on December 31,  
2 2009;

3                   (B) The terms of one (1) directors expires on December 31,  
4 2011;

5                   (C) The terms of one (1) directors expires on December 31,  
6 2013; and

7                   (D) The terms of one (1) directors expires on December 31,  
8 2015.

9           (b) Initial director who shall serve as president of the Arkansas  
10 Corporation on Lotteries and Wagering shall be Mr. Charles Ormond of  
11 Morrilton, Arkansas. Mr. Ormond shall take office on January 1, 2007.

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13           SECTION 6. Charitable bingo.

14           (a)(1) The Arkansas Corporation on Lotteries and Wagering shall have  
15 authority to license and regulate the conduct of charitable bingo.

16                   (2)(A) The corporation may charge a reasonable licensure fee.

17                   (B) The fee shall be used by the corporation for the  
18 administration of this section.

19           (b) Licensed charitable bingo shall not be a lottery prohibited by  
20 this constitution.

21  
22           SECTION 7. Statewide lottery.

23           (a) The Arkansas Corporation on Lotteries and Wagering shall operate  
24 one (1) or more statewide lottery games.

25           (b)(1) The corporation may operate lottery games through lottery game  
26 retailers.

27                   (2) The corporation may license lottery game retailers and may  
28 charge a reasonable license fee.

29  
30           SECTION 8. Wagering.

31           (a) The Arkansas Corporation on Lotteries and Wagering may conduct  
32 wagering games in facilities owned and operated by the corporation or may  
33 enter into a contract with any person to operate wagering games.

34           (b)(1) Wagering games shall be conducted only in counties that have  
35 approved the conduct of wagering games under the authority of the  
36 corporation.

1           (2)(A) The question of whether to approve the conduct of  
2 wagering games may be referred to the people by an ordinance of the quorum  
3 court.

4           (B) The ordinance shall call a special election to be held  
5 not less than thirty (30) days nor more than ninety (90) days after adoption  
6 of the ordinance.

7           (c)(1)(A) The corporation may enter into an agreement with any the  
8 owner of any thoroughbred racing track or greyhound racing track in the state  
9 to license the owner to conduct wagering games at the track in addition to  
10 the track's pari-mutuel wagering operations that are authorized by law.

11           (B) Approval of wagering games by the county is not  
12 required as a condition for conducting wagering games at a thoroughbred  
13 racing track or greyhound racing track that on December 31, 2006 is  
14 authorized to conduct pari-mutuel wagering.

15           (2) The corporation may enter into agreements with the owner of  
16 any thoroughbred racing track or greyhound racing track in the state to  
17 simulcast races held at the track and to accept wagers at the facilities of  
18 the corporation or the facilities of a person authorized by the corporation  
19 to conduct wagering games.

20           (3) The corporation shall not have authority to regulate pari-  
21 mutuel wagering at thoroughbred racing tracks or greyhound racing tracks.

22  
23       SECTION 9. Wagering districts.

24           (a)(1) After one (1) or more counties approve the conduct of wagering  
25 games and wagering games are actually conducted in one (1) or more of the  
26 approving counties, the corporation shall establish one (1) or more wagering  
27 districts.

28           (2) Any county that approves wagering shall be included in a  
29 wagering district. The counties in the district do not have to be  
30 contiguous. A county that has not approved wagering shall not be included in  
31 a wagering district.

32           (3) At least one (1) county in each wagering district shall have  
33 a facility for wagering games.

34           (4) The corporation shall readjust the boundaries of wagering  
35 districts as additional counties approve the conduct of wagering games.

36           (b) For each wagering district the Arkansas Corporation on Lotteries

1 and Wagering shall appoint a wagering district advisory committee. The  
2 members of the wagering district advisory committee shall reside in the  
3 district.

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5 SECTION 10. Disapproval of wagering by certain counties.

6 Disapproval of wagering by the voters of a county shall have no effect  
7 on the conduct of pari-mutuel wagering by horseracing tracks and greyhound  
8 racing tracks licensed under another law.

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10 SECTION 11. Ancillary operations – promotions – alcoholic beverages.

11 (a) The Arkansas Corporation on Lotteries and Wagering may conduct  
12 ancillary operations in conjunction with any wagering facility.

13 (b) As a promotion, the corporation may give away lodging, food, non-  
14 alcoholic or alcoholic beverages, or any other item of value.

15 (c) The corporation may serve alcoholic beverages at any time in any  
16 wagering facility.

17 (d) The corporation shall comply with alcoholic beverage laws not in  
18 conflict with this section.

19  
20 SECTION 12. Miscellaneous powers.

21 (a) The Arkansas Corporation on Lotteries and Wagering shall have  
22 power to:

23 (1) Sue and be sued and to contract by the corporate name;

24 (2)(A) Borrow money and issue negotiable evidences of debt.

25 (B) The corporation may execute negotiable notes or bonds  
26 to obtain the funds needed to carry out its functions;

27 (3) Pledge its revenues including the income from operations,  
28 and it may mortgage its property to secure the payment of money borrowed; and

29 (4)(A) Acquire by purchase, gifts, eminent domain, or otherwise,  
30 all property necessary, useful or convenient for the use of the corporation  
31 in the exercise of any of its duties.

32 (B) If eminent domain is exercised, it shall be exercised  
33 in the same manner as provided for the exercise of eminent domain by the  
34 Arkansas Game and Fish Commission.

35 (b) The Arkansas Corporation on Lotteries and Wagering may receive  
36 funds appropriated by law.

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2           SECTION 13. Use of income – surplus funds.

3           (a) Moneys received by the Arkansas Corporation on Lotteries and  
4 Wagering from the licensure of charitable bingo shall be used solely for the  
5 administration of the charitable bingo licensure program.

6           (b) The net proceeds from the conduct of a lotteries after the payment  
7 of administrative costs and lottery prizes shall be retained by the  
8 corporation to support the functions of the corporation.

9           (c)(1) The net proceeds derived by the corporation in a wagering  
10 district from wagering games, facilities for wagering games, and ancillary  
11 operations shall be distributed as follows:

12                   (A) Fourteen percent (14%) of the net proceeds shall be  
13 distributed to the counties, municipalities, and school districts in the  
14 wagering district. The amount shall be distributed among the counties,  
15 municipalities, and school districts in proportion to the real property taxes  
16 levied by each of the taxing authorities in the previous calendar year.

17                   (B) Six percent (6%) of the net proceeds shall be used for  
18 rebates to real property owners for real property taxes paid in the district.

19                   (C)(i) Ten percent (10%) of the net proceeds shall be  
20 placed in a trust fund and used by the corporation to reimburse residents of  
21 the wagering district for a portion of their health insurance premiums.

22                           (ii) An applicant for reimbursement shall provide  
23 verification of payment of the health insurance premium and provide such  
24 other information as the corporation determines to be necessary to administer  
25 the reimbursement program.

26                   (D) Seventy percent (70%) of the net proceeds shall be  
27 retained by the corporation for operations.

28           (2) The General Assembly by law may increase the percentage of  
29 the net proceed to be used subdivisions (c)(1)(A) or (c)(1)(B) and to make a  
30 corresponding reduction in the net proceeds to be retained by the corporation  
31 under subdivision (c)(1)(D).

32           (d) If the corporation determines that it has surplus funds not needed  
33 for its operations, the corporation may remit all or a portion of the surplus  
34 to the Treasurer of State as general revenues to be deposited in the State  
35 Treasury to the credit of the State Apportionment Fund.

36           (e) The expenditure of moneys received by the corporation through its



1 operations shall not be subject to an appropriation by the General Assembly.

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3 SECTION 14. Section 14 of Article 19 of the Arkansas Constitution is  
4 amended to read as follows:

5 § 14. Lotteries ~~prohibited~~.

6 No Except as authorized by this constitution no lottery shall be  
7 authorized by this State, nor shall the sale of lottery tickets be allowed.

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9 SECTION 15. This amendment shall become effective January 1, 2007.

10  
11 /s/ Ormond  
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