

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

1 State of Arkansas *As Engrossed: H3/17/05 H4/5/05 H4/7/05*

2 85th General Assembly

3 Regular Session, 2005

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 AUTHORIZE*

31

*AGREEMENTS BETWEEN THE CORPORATION AND*

32

*THOROUGHBRED RACING TRACKS AND GREYHOUND RACING*

33

*TRACKS FOR THE CONDUCT OF WAGERING GAMES BY THE*

34

*TRACKS; TO AUTHORIZE THE CORPORATION TO CONDUCT*

35

*PROMOTIONS THAT GIVE AWAY LODGING, FOOD, NON-*

36

*ALCOHOLIC OR ALCOHOLIC BEVERAGES, OR ANY THING OF*



1 VALUE; TO PROVIDE FOR THE SERVICE OF ALCOHOLIC  
 2 BEVERAGES AT WAGERING FACILITIES; TO AUTHORIZE  
 3 THE CORPORATION TO SUE AND BE SUED AND TO  
 4 CONTRACT IN THE CORPORATE NAME, BORROW MONEY AND  
 5 EXECUTE NEGOTIABLE EVIDENCES OF DEBT, TO PLEDGE  
 6 REVENUE, AND TO ACQUIRE PROPERTY, TO AUTHORIZE  
 7 THE CORPORATION TO EXERCISE THE POWER OF EMINENT  
 8 DOMAIN; TO ESTABLISH THE OFFICERS OF THE  
 9 CORPORATION AND THEIR TERMS OF OFFICE; TO ALLOW  
 10 THE CORPORATION TO ESTABLISH THE SALARIES OF  
 11 OFFICERS AND EMPLOYEES; TO NAME THE FIRST  
 12 PRESIDENT OF THE CORPORATION; TO AMEND SECTION 14  
 13 OF ARTICLE 19 OF THE ARKANSAS CONSTITUTION TO  
 14 CONFORM WITH THIS PROPOSED AMENDMENT; AND FOR  
 15 OTHER PURPOSES.

**Subtitle**

16  
 17  
 18 PROPOSING AN AMENDMENT TO THE ARKANSAS  
 19 CONSTITUTION TO ESTABLISH AN ARKANSAS  
 20 CORPORATION CONCERNING CHARITABLE BINGO,  
 21 LOTTERIES, AND WAGERING AS AN  
 22 INDEPENDENT PUBLIC CORPORATION.

23  
 24  
 25 BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE EIGHTY-FIFTH GENERAL  
 26 ASSEMBLY OF THE STATE OF ARKANSAS AND BY THE SENATE, A MAJORITY OF ALL  
 27 MEMBERS ELECTED TO EACH HOUSE AGREEING THERETO:

28  
 29 That the following is proposed as an amendment to the Constitution of  
 30 the State of Arkansas, and upon being submitted to the electors of the state  
 31 for approval or rejection at the next general election for Representatives  
 32 and Senators, if a majority of the electors voting thereon at the election,  
 33 adopt the amendment, the amendment shall become a part of the Constitution of  
 34 the State of Arkansas, to wit:

35  
 36 SECTION 1. Definitions.

1 As used in this amendment:

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

4 (A) Lodging accommodations;

5 (B) Restaurants;

6 (C) Tennis courts, golf courses, or any other recreational  
7 facilities; or

8 (D) Convention centers or entertainment facilities;

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

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

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

19 (A) Is operated by a nonprofit, tax-exempt religious,  
20 educational, veterans, fraternal, service, civic, medical, volunteer rescue  
21 service, volunteer firefighters organization, or volunteer police  
22 organization that has been in continuing existence as a nonprofit tax-exempt  
23 organization in this state for a period of not less than five (5) years  
24 immediately prior to conducting the game of bingo; and

25 (B) Meets the following restrictions on the use of the  
26 receipts from the conduct of bingo:

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

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

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

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

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

8  
9           SECTION 2. Arkansas Corporation on Lotteries and Wagering.

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

12          (b) The corporation shall be subject to the laws applicable to a  
13 nonprofit corporation except to the extent the laws are in conflict with this  
14 amendment.

15  
16          SECTION 3. Directors.

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

19               (1) One (1) director shall be elected from each of the  
20 congressional districts of the State of Arkansas; and

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

24          (b) Directors elected from congressional districts:

25               (1) Shall be elected at the regular biennial general election;  
26 and

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

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

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

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

34  
35          SECTION 4. Compensation.

36          (a) The president of the Arkansas Corporation on Lotteries and

1 Wagering may receive a salary as determined by the board of directors.

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

4 (2) However, the following persons shall be ineligible for  
5 employment:

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

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

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

13  
14 SECTION 5. Temporary provisions.

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

18 (2) The Governor shall arrange the terms of the appointment so  
19 that:

20 (A) The terms of one (1) directors expires on December 31,  
21 2009;

22 (B) The terms of one (1) directors expires on December 31,  
23 2011;

24 (C) The terms of one (1) directors expires on December 31,  
25 2013; and

26 (D) The terms of one (1) directors expires on December 31,  
27 2015.

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

31  
32 SECTION 6. Charitable bingo.

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

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

36 (B) The fee shall be used by the corporation for the

1 administration of this section.

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

4  
5 SECTION 7. Statewide lottery.

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

8 (b)(1) The corporation may operate lottery games through lottery game  
9 retailers.

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

12  
13 SECTION 8. Wagering.

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

17 (b)(1) Wagering games shall be conducted only in counties that have  
18 approved the conduct of wagering games under the authority of the  
19 corporation.

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

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

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

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

34 (2) The corporation may enter into agreements with the owner of  
35 any thoroughbred racing track or greyhound racing track in the state to  
36 simulcast races held at the track and to accept wagers at the facilities of

1 the corporation or the facilities of a person authorized by the corporation  
2 to conduct wagering games.

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

5  
6 SECTION 9. Wagering districts.

7 (a)(1) After one (1) or more counties approve the conduct of wagering  
8 games and wagering games are actually conducted in one (1) or more of the  
9 approving counties, the corporation shall establish one (1) or more wagering  
10 districts.

11 (2) Any county that approves wagering shall be included in a  
12 wagering district. The counties in the district do not have to be  
13 contiguous. A county that has not approved wagering shall not be included in  
14 a wagering district.

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

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

19 (b) For each wagering district the Arkansas Corporation on Lotteries  
20 and Wagering shall appoint a wagering district advisory committee. The  
21 members of the wagering district advisory committee shall reside in the  
22 district.

23  
24 SECTION 10. Disapproval of wagering by certain counties.

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

28  
29 SECTION 11. Ancillary operations – promotions – alcoholic beverages.

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

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

34 (c) The corporation may serve alcoholic beverages at any time in any  
35 wagering faculty.

36 (d) The corporation shall comply with alcoholic beverage laws not in

1 conflict with this section.

2  
3 SECTION 12. Miscellaneous powers.

4 (a) The Arkansas Corporation on Lotteries and Wagering shall have  
5 power to:

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

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

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

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

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

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

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

20  
21 SECTION 13. Use of income – surplus funds.

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

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

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

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

36 (B) Six percent (6%) of the net proceeds shall be used for



1 rebates to real property owners for real property taxes paid in the district.

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

5 (ii) An applicant for reimbursement shall provide  
6 verification of payment of the health insurance premium and provide such  
7 other information as the corporation determines to be necessary to administer  
8 the reimbursement program.

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

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

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

19 (e) The expenditure of moneys received by the corporation through its  
20 operations shall not be subject to an appropriation by the General Assembly.

21  
22 SECTION 14. Section 14 of Article 19 of the Arkansas Constitution is  
23 amended to read as follows:

24 § 14. Lotteries ~~prohibited~~.

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

27  
28 SECTION 15. This amendment shall become effective January 1, 2007.

29  
30 /s/ Ormond  
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